and Construction

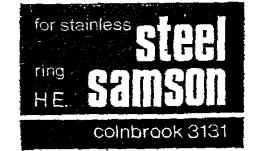
Worldwide

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* **30p



NEWS SUMMARY

BUSINESS

Brazil

project

BRAZIL'S £280m Santa Cruz coal project, in Rio de Janeiro, involving Northern Engineering

Industries and Kloeckner UK,

has been cancelled. Back Page

to a fall—expected to be about \$2bn to \$3bn—in the value of Britain's official reserves. Back

UK BANK lending to manu-

• TREASURY paper suggests

only about half of sterling's rise

during 1979 and 1980 could be

attributed to oil revenue effects.

• FRENCH FRANC recovered

in the European Monetary System last week, having fallen outside its divergence limit on

Tuesday. The French authorities

and Euro-franc rates so that by

Grid

EMS March 26, 1982

sed domestic interest rates

ECD ON CHECK

The chert shows the two constraints on European Monetary System exchange rates. The upper grid based on the weakest currency in the system defines the cross rates from which no currency (except the line) may move more than 24, per cent. The lower chert gives each currency's divergence from the "central rate" against the European Currency Unit (ECU) itself a basket of European currencies.

Friday the French franc was

placed above the system's weakest member, the Belgian

franc. These two currencies and the Makian bira came under sus-

tained pressure, with central

banks obliged to act in support.

The D-mark rose to the top of the system for the first time

managing director and chief

executive, Robin Taverner, is

attempting to buy the group's electrical division. Back Page

combined pre-tax profits fell 27 per cent to £73.1m in the year

ended November 20. Page 5

TRUSTRE Savings Banks'

CO-OPERATIVE Bank is

making big changes to the way

action before April 5. Page 20

former

February, Back Page

three months to mid-

GOLD price decline has led

coal

axed

GENERAL

c leumi (uk)

British marines leave for **Falklands**

Forty British marines were on their way to the Falklands yesterday as tension built over Argentine claims to the Britishowned islands in the south

The marines are intended to replace the present garrison but the crisis means these troops could stay, the Defence Ministry in London has indi-

Palestinian clash Palestinian clash
Palestinian students in Kuwait
mated £1.1bn, 7 per cent, in clashed with police in a demonstration against Israeli action in the occupied West Bank, Page 2

N-weapon claim

South Africa has developed an artillery system capable of carrying nuclear warheads, the Johannesburg Sunday Times

Eight freed

Eight white South Africans were freed after being held for nearly five months under the detentionwithout-trial security law.

Calais closed

Car ferry saikings to and from Calais were cancelled after in-dustrial action closed the port for 24 hours from midnight last

Carlos attack fear Security around French President Mitterrand and ministers was tightened after fears of an attack by international terrorist

Policeman killed

A policeman was shot dead in front of his two teenage sons as they left a Presbyterian church in Londonderry.

Paintings charge Unemployed youth Paul Wil-

tion with a knife attack on two paintings at London's National

Journalist jailed

Senior Chinese journalist Li Guangyi was jailed for five years for leaking details of a Communist Party meeting to a

Grocery index up

The FT grocery prices index rose in March for the eighth month running. Page 6

Wigan's 11-1 nap

Dominic Wigan, the FT racing since early October, icilowed by expert, napped King's Glory, the Dutch guilder. 11-1 winner of the Lincoln, the first big race of the flat season. • STONE-PLATT'S Racing, Page 8

Romans costs Most of Mrs Mary Whitehouse's £20,000 legal costs incurred in her recent case against The

Romans in Britain play were paid by an anonymous well-

Briefly . . . Two Russian men were sen- it pays retail Co-op societies for Moscow girl student. Somalia expelled Bulgaria's

tenced to death for murdering a providing banking facilities. charge d'affaires for interfering . ACC, the entertainment in internal security.

U.S. space shuttle Columbia is Court wants to take over, told scheduled to land today after a its shareholders to take no

FT series on Tebbit Bill

The Financial Times Labour Staff today begins a series of articles on the Employment Bill. This crucial legis-lation, now in committee stage in the Commons, is seen by unions, employers and the public as the greatest test of the Government's resolve, the means which could fulfil the promises to curb union power on which it was elected. The series will explain the Bill's main measures and point to the possible effects on Britain's industrial relations. Back Page and Page 7

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Nigeria's economy: the oil on black knights in the glut takes its toll 18 U.S. 19 Foreign Affairs: the Foreign Affairs: the judgment of time 8 Kissinger conundrum ... 19 Editorial comment: Central Technology: Britain's first banks as investors; chemical bio "factory" 29 Management: Italy's largest Surveys: jeweller restructures ... 10

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Lawson plans to end state monopoly of electricity generation

MR NIGEL LAWSON, the Energy Secretary, plans to bring in legislation in the autumn ending the state monopoly of the generation of electricity.

Competition would be allowed by ending the ban on the private production and sale of electricity as a main business. Mr Lawson mentioned the

intention to change the law during a speech on energy policy at the Conservative Central Council in Harrogate over the weekend

He said: "There was no case for a state monopoly in electricity. There should be increasing scope for private generation of electricity." He wished to remove the oresent obstacles.

Mr Lawson's proposal has yet to be approved by the legis-lation committee of the Cab-inet. The bill will compete with several others aimed at increasing competition in the state sector and providing goodies" in what will be the last full-length Parliamentary session before the next election.

Mr Lawson's determination to introduce more competition into state monopolies, particularly

ever, strongly supported by the nationalised electricity supply Any legislation will be accompanied by action to ensure that private-sector generators of electricity are able to sell to the

grid at a fair price. There will also be changes in the terms on which private companies can buy back electricity from the grid if there is a temporary break in supplies.
Existing legislation allows companies to generate electricity

for their own use and to sell any surplus to private customers or to the national grid, provided that this is a subsidiary and not the main purpose of their business. Mr Lawson's proposals would remove that respriction.

Many companies, particularly in the chemicals, paper, and food processing sectors, aiready produce their own electricity. Private generation accounts for about 18 per cent of electricity used in industry. The impact of the change may

be limited. When Mr David Howell, the former Energy Secretary, revealed in July, 1980, the general intention to remove the Central Electricity Generating Board's monopoly, the immediate response that no group would enter into in the energy sector, is, how- major competition with the

industry. This is partly because of the high capital costs and long lead times involved in constructing a power station return to monopoly by any incoming Labour Government.

The most likely response is the construction of small power plants for local demands such as the establishment of combined heat and power schemes on industrial estates.

The industries which present generate electricity as an adjunct of their main activities may produce some more but they seem unlikely to shift the whole balance of their

Some critics will see the idea, like the proposed introduction of competition into the supply of gas to industry in the current Oil and Gas (Enter-prise) Bill, as having only a marginal sifinificance on the balance of supply.

The Government's view, with both electricity and gas, is that the ending of the state monopoly will in time lead to the provision of increased supplies and will meanwhile introduce needed competition and incentives to efficiency for the existing state corporations.

Kuwait set to join Saudis in Nigeria oil sanctions

BY OUR FOREIGN STAFF

KUWAIT joined Saudi Arabia ducers cut their production to oil majors begs an important vesterday in interatening sauc- 17.5m barrels a day to defend question. The international contions against oil companies until \$34 reference price for panies are not alone responless they mereased shipments from Nigeria, which has become the focus of the battle to maintain oil prices at present levels.

The move comes as the deadthreatened by members of the Organisation of Petroleum Exporting Countries was due to expire later today. Saudi Arabia gave the oil companies until tonight to respond. Kuwait backed the

Saudi suggestion that another emergency session of Opec be called if the reply was not Sheikh Ali Khalifa al-Sabah, Kuwalt's Oil Minister, claimed that all 13 Opec members were prepared to boycott the oil companies unless they restored shipments from Nigeria to previous levels. "Collective

sanctions will be applied against these companies," he said on Kuwaiti television. Nigeria is seen both by Opec and the oil companies as the weakest link in the Vienna

agreement whereby the pro-

the \$34 reference price for Saudi light. Nigerian output felf sharply from 1.2m b/d to 630,000 b/d

last week as buyers held off purchasing at the Vienna agreed rice for Nigerian crude of \$35.50 a barrel. The market expected that the Nigerians would bring down their prices closer to the \$31.50 a barrel charged for comparable oil from the North Sea.

Saudi Arabia's threat, made known on Friday, is to force the oil companies to increase shipments from Nigeria and ease that country's balance of payments and budget difficulties. caused by world over-supply

The threats by Saudi Arabia, and now by Kuwait, include cancellation of crude oil supply contracts and entitlements; a ban on supplies to companies which have no current contract agreement; and efforts to in other Opec countries. The Saudi challenge to the

panies are not alone responsible for the production level... A key factor in the latest slump has been the inability of the Nigerian National Petroleum Corporation to sell its

majority share of total output. The proportions are decided by the equity share NNPC holds in each joint venture operating in Nigeria. The largest is between Shell and NNPC, more than half total production; 80 per cent is allocated to NNPC and 20 per cent

In the other joint ventures, involving Gulf, Mobil, Agip-Phillips, Elf, Texaco, Ashland and Panocean, NNPC owns 60 per cent of the equity.

One reason Nigerian production has been particularly vola-tile is that the NNPC has traditionally concentrated sales among smaller traders, the first to puil out in a weak market. Most oil companies in Nigeria extend the blacklist to bring refused to comment yesterday. Feature, Page 18; Building and Civil Engineering, Page 28

Jenkins against split leadership

BY PETER RIDDELL, POLITICAL EDITOR

MR ROY JENKINS will not go along with suggestions from Dr David Owen and Mrs Shirley Williams that the leadership of the Social Democratic Party and the SDP/Liberat Alliance should be held by different people. He will seek both posts.
Mr Jenkins is, however,
apparently keen to preserve the spirit of the Gang of Four collective leadership of the SDP after the leader is chosen. He and other SDP leaders believe this shared approach has worked successfully in the past year and that, assuming Mrs Williams becomes president of the party alongside Mr Jenkins as Parliamentary leader, major roles must also be found for Dr Owen and Mr Bill Rodgers.

way since he is supported both by Mr Rodgers and Mr David Steel, the Liberal leader. There are signs that some leading SDP MPs may not be keen to bring forward the leadership contest from November to July. They want to see how Mr Jenkins settles in again in Parliament, where he will take his seat tomorrow. SDP leaders will soon review

The leadership issue is likely an interview on LWT's Week-to be discussed by the Gang of end World programme yester-

Four this week. Mr Jenkins is day Dr Owen said an absolute understood to be annoyed that majority for an Alliance some of the impact on the government was a "very real party's standing of his victory possibility" and argued that at the Hillhead by-election last Thursday has been offset by the the party should seek to attract Labour voters in traditional in dustrial areas.

An Opinion Research poll on calls of Dr Owen and Mrs Williams for a split leadership. Mr Jenkins is likely to get his the programme showed that ali

the main parties are level-pegging. The survey carried out on Friday showed the Tories with 33 per cent and Labour and the Alliance both with 32 per cent.

This balance tends to favour Labour because of its concentration of votes in certain areas. Conservative Party leaders are now emphasising that a vote for the Alliance will in practice give Labour an opportunity of their strategy after Hillhead. In winning power. Tories see hope for the future,

Rail tribunal may visit depots

they did not agree.

BY PHILIP BASSETT, LABOUR CORRESPONDENT

BRITISH RAIL and union to reach a solution to BR's favour of the union.

Members of the manual solution to the union.

Members of the Railway taff's National tribunal Staff's National tribunal (RSNT), will meet assessors from all sides of the industry and probably spend the next three days visiting BR depots to see how flexible rostering would work in practice.

The tribunal is then likely to meet on April 13, to draw up its report.
While BR is probably ready to impose flexible rostering if the RSNT decision goes for Aslef, the most likely outcome is a finding in favour of BR.

The tribunal's terms of The whole tenor of such officials will today meet Lord reference—on how, not whether report would make rejection by McCarthy, chairman of the to implement flexible rostering Aslef very difficult. Further, Industry's arbitration tribunal, —make difficult a finding in in the report or privately, the in the report or privately, the possibility of serious sanctions against Aslef could be emphasised:

that about 70 per cent of BR's proposed flexible rosters give • Trains could continue to run as present, with drivers on a 40-hour week, and guarsd on a shift times of within 15 minutes of the eight-hour day, rather than making use of the full extent of the 7/9-hour limits. 39-hour week BR might withhold from

Aslef members any pay award it makes this year if the RSNT's It could stress that the only way towards a 39 hour week-and the eventual union target finding on flexible rostering is

of a 35-hour week-is through flexible rostering, as its own decision number 64 proposed. Aslef members would not enjoy through the TUC's own disputes procedure threatening Aslet with suspension from Congress the benefits of such a move if

CBI says orders have improved significantly

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

Industry this morning publishes its most optimistic monthly report of industrial trends since the recession took a firm grip of manufacturing in the late spring of 1980.

The size of companies order books has improved significantly and export orders have continued to build up in the past three months. There is also less pressure for higher prices, probably reflect-

ing improvements in manufacturing productivity and profitability and a slackening in the rate of increase of raw material prices, including cuts in oil prices The results will encourage

the Government in the wake of the Budget and Ministers are likely to greet the news as evidence that their economic policies are working. Industrialists, however, will not want Ministers to exaggerate

the importance of the results for political purposes because the rate of improvement is still very slow from a low base. There has not been enough progress to mark a guaranteed general lift-The last government figures

for industrial production showed decline in January for the hird month in succession, although this was partly blamed on strikes and bad weather. Retail stocks are still too high

for many companies, and destocking is continuing. Substantial numbers of employees are still being made redundant. Nevertheless, if the general

improvement shown in this month's survey continues at the beginning of May when the CBI publishes its more wide-ranging and authoritative quarterly trends survey, there should be considerable hope for the expected recovery later this year. This is not likely to lead to

any reassessment of the CBI economists' forecarts because they believe that this month's improvement is in line with their expectation of a 3 per cent growth in manufacturing output this year. The main optimistic indicator January

in this morning's survey is the assessment of total order books made by the 1,930 manufacturing companies who took part in the survey during the first regarded as a positive sign, three weeks of this month, reflecting lower input prices of About half would have known the Budget's contents before filling in their questionnaires.

A balance of minus 42 per cent said their total order books

result since March 1980. In April 1980 the recession

FHE Confederation of British that month to minus 50 per cent, dropping further to minus 73 per cent in April last year. Two months ago it stood at minus 60 per cent, but improved

> February. The CBI says this morning's result "points to a continued improvement in manufacturing industry's demand," but warn that "order books, in relation to normality, remain historically

to minus 49 per cent in

The figures also have to be qualified because companies have adjusted their assessment of what is normal" and now give a positive response for a lower level of demand than two

There has also been an improvement in export order books with a balance of minus 36 per cent of companies say-ing their export order books are below normal. This is considerably better than the balance of minus 60 per cent have adjusted their assessment per cent two months ago and minus 37 per cent last month.

Best export results are in food, drink and tobacco and chemicals and allied industries. Nevertheless the expected trend of output volume for the next four mouths shows a distinctly slower rate of improvement, with a balance of plus 4 per cent of companies expecting a rise rather than

This compares with a balance of minus 4 per cent expecting a fall a year ago but is only a slight improvement from plus balances of 1 and 3 per cent recorded in the past two months.

This is mainly because stocks remain high, especially among retailers, so slowing down the impact of increased ordering on output volume. For the second month run-

ning there has been a reduction in the proportion of companies expecting higher rather than lower prices at which domestic orders are booked. This month's balance of 32 per cent forecasting higher prices compares with 40 per cent last month and per cent in December and

Unlike the situation last year when many companies did not dare raise their prices because of slack demand, this is now raw materials and improved performances in manufacturing companies. Linked with the fall in the

retail price index to 11 per cent reported by the Government ten were below normal, the best days ago, this indicates a pos-sible slackening in price rises. hit manufacturing industry depending on progress in the sharply and the balance fell next couple of months.

Gunfire and confusion mark start to voting in El Salvador

By Hugh O'Shaughnessy in San Saivador

EL SALVADOR'S tumultuous election got off to an explosive start yesterday amid gunfire, allegations of fraud, and administrative chaos. Polling in the election for a 60-seat constituent assembly was disrupted in many voting centres by fighting between Government forces and Left-wing guerrillas. As dawn came, fighting

between soldiers and guerrillas broke out in many parts of the capital, and machine-gun fire and explosions provided a grim overture to the start of polling. In San Antonio Abad, a work-in-class suburb of the capital, a battle which cost the lives of 15 guerrillas and two Government soldiers delayed the start of the voting for three hours. As the poll opened, the scene was one of desolation. The dead had been taken away, leaving buildings pock-marked from heavy machine-gun fire, pools of blood, and people in queues waiting to vote hundreds of

yards long.
In some centres there was confusion over procedures and the use of indelible ink, and some voting material supplied from the U.S. and printed in English.

In the towns of Usulutan and Zacatecoluca, heavy fighting continued well after the official opening of the poll.

The election, which is being

fought by six parties of the moderate to extreme Right, have been boycotted by the Left. The principal contenders among the six parties are the Christian Democrats, led by President Jose Napoleon Duarate, head of the ruling civilian military junta, and Arena, the Nationalist Republican Alliance, led by the Right-wing extremist, Maj Robetro d'Aubuisson, While the Central Electoral

Council has been doing its best in extremely adverse circumstances, Dr Jorge Bustamante, the council chairman, recognises that arrangements are far from perfect

Doubts have been raised about the method of checking voters in the absence of any electoral register.
Electors may vote in any part

of the country on presentation the voter's finger are marked with a substance, visible only under ultra-violet light. This substance has not proved effective, and, also some voters are known to have up to 72 identity cards.

Controversy around the size of the elec-torate. El Salvador's total population is put at just under m people, of which perhaps half are under the minimum voting age of 18. Discounting the armed forces and police, Continued on Back Page

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Palestinian students

clash with Kuwait

police over Israel

PALESTINIAN students clashed of solidarity with the Palestin.

with riot police in Kuwait lans in Israeli-occupied territory.

dozens arrested in the worst outbreak of political violence the small oil-rich state has

Liberation Organisation pleaded of a total population of about

in Kuwait had been asking the expressed the hope y Government to organise a 10-that there would not minute general strike as a sign further demonstrations.

Israeli warning on

West Bank violence

"We know how dangerous a

demonstration can be in such a

small country as Kuwalt. That is

why we opposed it," a senior

maintains a ban on all political

demonstrations and has been

particularly watchful since the

outbreak of war between Iraq and Iran 18 months ago.

Palestinians living in Kuwait our

PLO and Kuwaiti officials

expressed the hope yesierday that there would not be any

There are at least 250,000

BY JAMES DORSEY IN KUWAIT

yesterday during a demonstra-

tion against Israeli actions in

Several people were hurt and

Kuwaiti civilians joined the

riot police to break up the

demonstration. Stones were thrown at the police, cars smashed, and tyres set on fire. Officials of the Palestine

with students not to take their protests to the streets. The PLO

BY OUR FOREIGN STAFF

Cabinet meeting, a statement

The worst wave of unrest in the

with the threat that his guerilla

forces could not remain inactive

in the face of what was happen-

ing in the West Bank.
Mr Arafat said the Middle

East was on the verge of an explosion. "The situation in the

area is on the verge of this explosion because of the

criminal, fascist Israeli regime

and its Nazi crimes," he said. During the Cabinet meeting

the occupied West Bank.

witnessed for several years.

OVERSEAS NEWS

to take over defence of sea lanes

By Charles Smith, Far East Editor-in Tokyo

THE U.S. Defence Secretary, Mr Caspar Weinberger, has suggested to Japan that working level discussions should be held this summer on a plan for Tokyo to take over defence of sea lanes in the north-west Pacific within 1,000 miles of its own coastline.

The proposal for discussions at working group level was made during weekend talks which the Defence Secretary held with Japanese leaders in Tokyo. He later left for Seoul where he is expected to underline the Reagan Administration's commitment to the defence of South

Korea. The extension of Japan's marine defence responsibilities has emerged as a potentially major issue in U.S. Japan relations. Mr Weinberger's proposal seems to have been greeted with a marked lack of enthusiasm by both the Director General of Japan's Defence Agency, Mr Soichiro Itoh, and the Prime Minister, Mr Zenko Suzuki,

Mr Weinberger was, in a sense, doing little more than follow up an initiative already taken by Japan. During last summer's U.S.-Japan summit in Washington Mr Suzuki appears to have hinted vaguely that Tokyo might be ready to take over responsibility for the defence of sealanes beyond its own territorial waters—"within the limits"—of Japan's "peace constitution." Exactly what the Prime Minister had in mind has never been clarified.

Japan's post-war constitution has usually been understood to rule out any military activity by defensive action within its own land and sea frontiers.

If Japan agrees to Mr Weinberger's proposed talks, an attempt will presumably be made to present the discussions as concerned with an expanded "self-defence role" for the Maritime Self Defence Force.

But the U.S. presumably wants Japan to become a junior partner in a regional defence system which could free the U.S. Seventh Fleet for use in areas

Japan urged | Latin America's growth slips to 1%

increasing.

BY PETER MONTAGNON IN CARTAGENA, COLOMBIA

LATIN AMERICA suffered its worst economic setback in 20 Latin Amehican Development Bank.

Its annual report, published today, says that economic growth for the region as a whole slipped to only 1 per cent in 1981—" a rate far from significant to cover the estimated rise in population."

On a per capita basis, the income of nearly half the countries in the region declined or failed to improve last year, the report says.

This economic stagnation stands in sharp contrast to 1980 when the region posted a real economic growth rate of 5.7 per cent. It is expected to be a major talking-point at the bank's annual meeting which opens

liminary estimates by the Inter- of more than 5 per cent last of payments deficits have been year. Mexico alone among the large and medium-sized countries surpassed that figure, the

bank says.

The economic downturn in the Caribbean basis was narticularly sharp, the report adds. Among the smaller countries there, 1978/9, grew at a rate exceeding 5 per cent.

In its gloomy report on Latin American economies, the bank says that the recession in the developed world, occupied with worsening terms of trade, has made it extremely difficult for significantly.

Only three of the bank's 25 This means that previous and increased sharply in the American member- rates of economic growth canyears last year, according to pre-

> further fall in foreign exchange reserves last year. Harsh borrowing conditions in international capital markets led several countries to draw on reserves to cover their payments deficits. only Nicaragua, still recovering In 1980, the region's reserves from the substantial decline of had already decreased by \$20n (£1.1bn).

The region even had only mixed success in controlling inflation last year, it says, with the rate of price increases declining in 13 of its 25 Latin American member countries, ing for energy related projects the region to expand its exports Inflation remained approxi- almost doubled last year to mately stable in six of them. Sibn.

remaining six

Turning to its own business, the banks says it approved a record \$2.55n in new loan com-Preliminary 1981 data indiminuents last year, 8 per cent cate that the region suffered a more than in 1980. Loan disbursements also grew by 8 per cent to \$1.54bn.

Its borrowing in world capital markets rose sharply to \$797m from \$460m in 1980, bringing its total debt outstanding to \$3,5bn. By far the largest portion of last year's borrowing took place on the Japanese market which provided \$303m equivalent in new money.

The bank's lending policy once again reflected the overall priority assigned to the energy and agricultural sectors. Lend

the ground for Versailles.

EEC seeks united front

By John Wyles in Brussels

EEC HEADS of government gather in Brussels today for their first summit of the year, preoccupied with the need to forge common positions on major political and economic issues ahead of her meetings issues ahead of key meetings with President Ronald Reagan

The EEC leaders, worried by the current range and depth of tensions in the Atlantic Alliance, want to present a united front to the U.S. President—one which will lead to constructive agreements on economic and trade problems and East-West relations.

The key meetings where they aim to take this stand are the seven-nation summit at Versailles in early June and the Nato heads of government meeting a few days later.

As the host at Versailles, President Mitterrand of France is particularly anxious to prepare the ground for a successful

meeting.
This being so, it is unlikely that tomorrow's EEC communique will reflect the actual disenchantment in several Community capitals with Mr Reagan's domestic economic policies and their impact on international interest rates.

Nevertheless, the Ten are likely to repeat their concern about interest rate levels
The Belgians, who are presiding over the Brussels Summit; and whose Prime Minister, Mr. Wilfried Mactens, has written to his colleagues sequesting "a detailed exchange of views" on the Ten's relations with the U.S., will again press for efforts to U.S. eo-operation managing interest

change rates. Several other have doubts about the feasibility of such an approach. They are in any case, more immediately concerned with responding to Washington's new campaign for co-ordinated action to cut the flow of Western credits to the Soviet Union and Eastern

THE ISRAELI Government said in Jerusalem, Mr Menahem yesterday that it would not Begin, the Prime Minister, is tolerate any further violence in the occupied West Bank and strongly critical of the opposition four and a half hour support Government measures.

The West Bank and Gaza said the Government would not were relatively quiet yesterday with only scattered incidents reported. There are fears of change its policy and everything would be done to ensure more widespread violence again Seven Palestinians and one tomorrow during a one-day protest strike called by Israeli Israeli soldier have died in the past 10 days of demonstrations An estimated 15,000 people

occupied territories since 1967 took part in a rally in Tel Aviv on Saturday to protest at the Government's "oppressive was set off by Israeli attempts to remove elected local officials considered sympathetic to the Palestine Liberation Organisameasures" in the occupied Egypt added its voice to the Mr Yasser Arafat, chairman of the PLO, responded yesterday

protests yesterday when General Ramal Hassan Ali, Foreign Minister, hinted that his Government would have to consider some form of action if the disturbances continued. He told a Lebanese magazine

that what was happening in the West Bank was a serious obstacle to negotiations on Palestinian autonomy. If the disturbances continued there was no doubt that Egypt would

Mubarak releases 201

PRESIDENT Hosni Mubarak of Egypt has ordered the release of a further 201 people arrested by the late President Sadat a month before he was

According to the official Middle East News Agency, they recanted their extremist religious views while in prison and no longer pose a security threat.

Nearly 800 of the 1,536 people detained in September have now been released. A further 300 have been charged with criminal offences such as looting and arson during sectarian

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. substription rates \$355.00 per unnum. Second Class postage paid at New York, N.Y., and at additional mailing

Marine reinforcements sent to Falklands

BRITISH MARINES were on

Islands yesterday as tension continued to build up over Argentine claims to Britain's South Atlantic footbold.

The 40 marines were being sent to take over from the present garrison but the mounting crisis could cause the troops already there to be kept on hand, the Ministry of Defence

BY JIMMY BURNS IN BUENOS AIRES AND DAVID TONGE IN LONDON A weekend meeting between chants landed suddenly on the they had flown from London,

the deadlock. But there was no official confirmation in Buenos Aires yesterday of newspaper reports that two missile-armed Argentine corvettes had set sail for the islands.

The crisis began a week ago

their way to the Falkland British ambassador Sir Anthony island of South Georgia-a is an unarmed survey vessel. Williams, and Argentina's Falklands dependency — and Foreign Minister, Sr Nicanor raised the Argentine flag.

Costa Mendez failed to break The islanders retalized by

ransacking the offices of an Argentine airline in Port Stanley, the Falklands' capital.

ice patrol vessel, the Endur- replied to the request. The ance, in the area The John countries' representatives have Biscoe, which is transporting been meeting about once a in London indicated yesterday, when Argentine scrap mer- marines from Uruguay where year.

Argentina has been claiming the 200 Falkland Islands ever since Britain raised its flag on them in 1833. A month ago the Argentine Government deman-ded monthly meetings, probably at ministerial level, to resolve Britain has only an ageing the dispute. Britain has not yet

Bangladesh ex-Ministers likely to face trial

BY RICHARD COWPER AND SAYED KAMALUDDIN IN DACCA

FIVE FORMER Bangladesh number of senior officials. Ministers and a number of likely to be out on trial soon on charges of corruption and anti-Hossein Mohammed Ershad, who seized power last week.

Gen. Ershad said that the desenior Government officials are 'posed' President Mr Abdus Sattar, would remain at liberty, charges of corruption and anti-but warrants are out for the state activities, according to the arrest of at least five more country's martial law chief, Gen. former Cabinet Ministers who have gone into hiding. The trials would start "very

Under stringent and wide soon, as soon as the courts are ranging new martial law regula- constituted," the general added. tions, they could face a possible He made it clear that "to stamp his new regime had been death sentence or life imprison- out corruption," he was going to achieved. This might be pretake a tough line with offenders. So far, more than 250 people. There is little doubt that the have been arrested, including trial will also be designed to outside the north-west Pacific. five former Ministers and a act as a powerful deterrent to adopted.

potential political opponents. Gen Ershad appeared to rule out any return to democracy in the immediate future, though he did say he would consider withdrawing the ban on political activities in six months if the situation merited it.

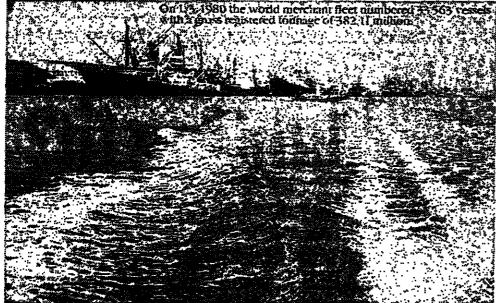
He promised to hold elections in about two years if the economic and political objectives of ceded by a referendum to decide whether a parliamentary or presidential system should be

Speaking at Dacca's military cantonment. Gen Ershad made it clear that the country's new president. Mr Ahsanuddin Chowdhury, would be merely a symbolic head of state and that for the next two years at least. Gen Ershad himself would run the country.

The general said the army had moved to save the nation from what he called "social and poliindiscipline, a serious economic crisis, unprecedented corruption and a break-down of law and order."

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WORLD TRADE NEWS

Portuguese groups to join Russians in Angolan dam project

BY DIANA SMITH IN USBON

A CONSORTIUM of Portuguese builders and civil engineers has accepted a Soviet invitation to help the Russians build the Kapanda Dam on the Quanza

River in Angola.

The Angolans have been heavily reliant on Soviet technical expertise since the African country ceased being a Portuguese colony in 1975, although Portuguese involvement is gaining strength.

The invitation came from Technoexport, the Soviet technical export agency, and marks co-operation agreement effer a the first such association week of talks in Luanda by the first such association between Portuguese companies and an official Russian body. The Russians will equip the dam while the Portuguese com-

panies — Somague, Teixeira Duarte, and Engil — will build the dam, substations and power lines, open access roads and carry out geological work. Portugal will provide an export credit of \$230m, financed

by the Banco de Fomento Nac-ional, the Portuguese Development Bank. Teixeira Duarte, one of Portugal's larger civil engin-

technology reconstruction of the Tete bridge in Mozambique, a vital link in road com-munication between Mozambique/Zimbabwe and Malawi.

The visit next month of president Antonio Ramalho Eanes to Angola — the first visit by a Portuguese chief of state since Angolan independence in 1975 - will provide another spur to the relationship between the two countries. Portugal and Angola also have signed a major economic

Sr Joso Salgueiro, the Portuguese Finance Minister. guese Finance Minister. Angola's imports from Portugal

increased by 55 per cent in 1981 to nearly \$200m. Portugal's 1981 visible trade deficit was the worst in its history: with a 10.5 per cent decline in the value of exports and 26.1 per cent increase in the value of imports, the trade gap stretched to \$5.64bn. Imports totalled \$9.8bn, an all-

time record, while exports fell from \$4.62bn in 1980 to \$4.15bn. The reason for the dismal eering concerns, and specially trade picture is attributed to invited by the Russians to enter the European recession, extra the venture, also heads the energy imports, and the effects short lists for the high- of last year's drought. **GUANGDONG'S FOREIGN EXCHANGE BOOST**

Benefits from West rise but corruption grows

ECONOMIC TIES between distinct from the central govern-Guangdong Province and Hong ment in Peking. Guangdong is Kong and Macao brought China the chief among the group of nearly \$3bn in precious foreign provinces allowed a free hand in nearly soon in precious loreign provinces anowen a tree name in exchange last year, the Canton making contracts up to a fixed amount with foreign pariners. Last year's earnings were 70 per cent up on those in 1980, while tourist receipts and ideology which emanates from the two territories, the newspaper urged.

Of the total sum, more than Foreign investment in 440 instance of abandoning national and Hong Kong have recently this process, then pocketed the \$2.6bn was earned by enter- capital construction items has and personal dignity" have referred to a huge swindle cash from clients they had prises won by the province, as exceeded \$1.2bn over the last

throughout the province, especially in the Special Economic Zones of Shenchen, Zhuhai and Shantou where foreigners may invest on favourable terms.

The standard of living in the province has risen 10 a new level, the paper said. But the Yangcheng Wanbao added, ominously, that "hideous occurred as capitalist "poison,

three years. Joint enterprises pornographic and obscene dong to 11 other provinces. The rumours that share certificates with foreigners are flourishing elements have sneaked in from newspaper Wen Wei Po last were worth hundreds of thouslements have sneaked in from newspaper Wen Wei Po last were worth hundreds of thous-broad" through channels like week disclosed an ingenious ands of dollars.

V and video. fraud that netted one of its In another example of
The newspaper cited what it participants nearly \$10,000. Chinese concern over Western abroad" through channels like TV and video.

> lawless elements in China. Published reports from China which has spread from Guang-

Chinese concern over Western termed "filthy activities" of smuggling, bribery, peddling of contraband and speculation stemming from smugglers in Hong Kong and Macao and from lawless elements in China.

Published reports from China

In the fraud case, the perinfluence, officials in Kaiping petrators apparently stated that county in Guangdong recently a pre-1949 American company insisted that over 90 per cent who handed over certificates to receiving Hong Kong telephones then sought sums to administer vision be taken down. Prethen sought sums to administer viously, however, when similar this process, then pocketed the campaigns have died down,

Romanians face criticism over debt restructuring proposals

MR GHEORGHE OPREA, Romania's first deputy prime minister, is expected to run into strong criticism from businessmen during his visit to the UK this week because of the confusion generated by Romania's debt restructuring proposals.

Mr Oprea will be accompanied by a major negotiating team including Mr Alexandru Margaritescu, secretary of state for foreign trade, Mr Gheorghe Crainiceanu, deputy chairman for the Romanian foreign trade bank, and Mr Stefan Nitza, deputy director

of the ministry of foreign

A major part of the team's programme will be to discuss Romania's proposals to reschedule some \$3hn of Western debt due for repay-ment in 1981 and 1982. The rescheduling proposals were telexed to Western banks at the end of last month and are believed to comprise a three-year grace period, to be followed by the repayment of

principal over 31 years.

But the \$3bn figure given apparently incudes some \$300m in supplier credits,

particularly to companies in West Germany, France, the UK and Japan.

It is this conversion of supplier credit into bank debt that has angered Western suppliers, particularly in West Germany and the UK. First, they argue, trading debts are not bank debts, and the banks cannot negotiate on matters for which they have

no legal or other responsibility. Secondly, much of the money owed was never in-tended as supplier credit.

Goods were supplied for pay-

delivery, 6D but Romania gave the outstanding sums the status of credits by not paying what they owed.

Thirdly, it now appears Romania is reneging on the agreements on the restructur-ing of its trade debts which it signed with a number of major suppliers last October. Under terms of this agree-ment, western suppliers ment, western suppliers agreed to wait for six months for payment of outstanding trade debts due for repayment before November 1, 1981, But it now appears these

companies may have to wait

up to 61 years for repayments if these trade debts are included in Romania's rescheduling proposals.

But Romania insists its payments problems are only temporary and that it is pos-sible to reach an acceptable agreement with both western banks and western suppliers. They point out, for example, that smaller commercial debts are being paid and that agree-ments on repayments have been reached with suppliers involved in major co-operation deals. However, the bulk

Romania's suppliers in the UK still do not have any con-crete information on whether Romania intends to honour the agreements drawn up last autumh.

This week they will be looking to Mr Oprea and his team to make clear that trading debts are not included in the rescheduling proposals and that existing agreements with suppliers will be honoured. If not, many UK and West

German suppliers are threat-

ening to stop all sales to

U.S. opposition to export credit subsidies mounts

BY PAUL CHEESERIGHT WORLD TRADE EDITOR

EXASPERATION is building in sought to bring export credit in the U.S. over the interna- interest rates into closer align tional guidelines for export ment with those of the market.
credits as preparations move "The patience of the Concredits as preparations move ahead for a negotiating session on interest rates among 22 industrialised nations planned for and of last week. "This failure early May in Paris.

U.S. Senators have been arguing that it is sometimes necessary to show willingness to fight a predatory export credits and win an export credits war in order to end the war.

The vehicle for the exasperation is a war chest bill, before the Senate, sponsored by Senator John Heinz, the Pennsylvania Republican, which would proved \$1bn to the Export-Import Bank of the U.S. after a rise in the export credit to match subsidised credit offers from competitors.

The general U.S. position, held both by interested Congressmen and the Treasury, the U.S. negotiating agency on export credits, is that the greater readiness of European countries and Japan to offer subsidised export credits is depriving U.S. business not only of specific

402 40 M

contracts but whole markets. Minimum interest rates under the international guidelines for export credits are 10-11.25 per cent for all countries except Japan which has a rate of 9.25 per cent. But U.S. Eximbank rates are a minimum 12 per

the orders supported.

SHIPPING REPORT

BY OUR SHIPPING CORRESPONDENT

decision of Exxon to sell four pollution gear.

on the part of our allies to negotiate in good faith can only be interpreted as a signal of

their intentions to continue in

strategy."
At the May meeting, the U.S.
Treasury will seek minimum export credit interest rate of 12 per cent with immediate effect, rising to 13.5 per cent in July.

points last November. The Treasury sees the war chest bill as an additional support for its negotiating position. The bill is a warning that a breakdown of the negotiations May could provoke

But the bill is a weapon in thusiasm within the Reagan Administration for a Senate vote on the issue before the May

meeting.
Supporters of the bill think there is unlikely to be much opposition on the Senate floor, noting that even adherents of the Administration's economic cent, with a lending fee and stringencies are perturbed strict criteria on the nature of about what is seen as a loss of markets through the predatory The U.S. has consistently financing of competitors,

A typical British Telecom Monarch Call Connect system costs about £5,000 a year to

lease, excluding VAT Enough to make a chartered accountant

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And more time means more business. For more

send off the coupon below.

TELECOM

Soviet deficit with West

Exxon to scrap tankers

THE ever-deepening gloom in scrapped four big tankers in the world tanker market was the past year, three equipped reinforced last week by the with latest safety and anti-

of its large tankers for scrap.

Exxon made the sale as the tanker chartering market "appeared to have plumbed the depths of despair," in the words of E. A. Gibson Shipbrokers in its weekly report.

"The Exxon VLCCs sold were all around 250,000 dwt and around 10 years old, thus being among the first generation of VLCCs (very large crude carriers).

Two of them, the Esso

ats weekly report.

"The forecast of a holocaust to come is predicted by many knowledgeable members of the industry, with no hope of a recovery for many years to come," it added.

Mr Ronald Winn

recovery for many years to wildelmshaven under the Esso Wilhelmshaven under the Esso wild emand and changing market patterns have led to a huge world tanker sumplus.

ing in London last week that 1982 would be a watershed year as owners faced negative returns on capital and cash returns on capital and cash would follow Exxon's lead while would follow Exxon's lead while

Those with a choice, he said. many independent owners may well ask: "Why are we would grow tired of doing busibere at all?" BP itself had ness at current low levels.

trade position with the West and Japan improved in the second half of last year, but it still had a deficit for the year whele according to form

The figures gave no indication of Moscow's hard currency trad-

MOSCOW-The Soviet Union's roubles 2.61bn in the first six

as a whole, according to figures

published yesterday.

Figures in the monthly magazine Vneshnaya Torgovlya put the deficit for 1981 at roubles 865m (£585m) compared with

World Economic Indicators

INDUSTRIAL PRODUCTION base Jan 82 139.6 Dec'81 149.8 103.5 113.1 Nov'81 114.2 106.3 Dec'81 143.2 Nov'81 150.9 104.0 115.4 Oct'81 174.5 109.5 Jan'81 144.7 102.0 115.7 Jan'82 150.5 1975=100 1975=100 104.0 118.7 Dec 82 115.8 107.0 Dec 80 117.2 -1.7 -0.4 1975=100 1975=100

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Tories see hope for the future despite Hillhead

Both Mr Parkinson and Mr

Mr Parkinson said that "for

"He has noticed that it is in

Conservative seats that the SDP

several hundred votes at Hill-

Mrs Thatcher went out of her

way in her speech to note that

present both the case for

Trident and, in detail, the

Government's record on dis-

Otherwise, there was a tone

were virtually no

Mrs Thatcher confirmed her

"discovery" for a conference

armament.

There

a vote for Mr Tony Benn.

threat but an opportunity.

decision to buy Trident.

BY PETER RIDDELL POLITICAL EDITOR

SENIOR MINISTERS and Conservative Party managers appear Francis Pym, Leader of the remarkably unruffled in the Commons, developed the theme wake of the party's loss of the that a vote for the Alliance was Hillhead by-election.

They are confident that the economic indicators are moving Mr Benn the SDP is not a in their favour and that the party's political fortunes are starting to recover.

All they concede is that pre- is doing well. He knows that sentation of some policies, a large third-party vote is notably defence, needs to be imessential to a Labour victory."

This was the theme of both public speeches and private comments at the two-day meetinfi in Harrogate of the central council of the party's activists. In her speech on Saturday Mrs Margaret Thatcher summed up this cautious optimism. But she conceded that only when competitiveness was turned into actual orders, real growth and this played a "considerable part" in the by-election and to the unemployment figures started coming down "will our people recognise that the tough measures of these last three years have been worthwhile

and right.

Otherwise, there was a tone
"So far, they have counted almost of self-congratulation at the cost, but they have not yet the meeting. This was partly because the audience, 350 to begun to glimpse the prize. Hillhead," she said "Was the 400, except for Mrs Thatcher's verdict of the voters on the speech, was predominantly sacrifices. They have yet to vote drawn from the middle-aged heart of the party establish-

on the success." heart
The "official," and naturally ment. with hindsight, view of Hillhead is that there was never any "wets" in sight and hardly realistic chance of holding so anyone under 35 either. marginal a seat, that Mr Gerry Malone fought a good campaign, rapport with the Tory activists and that the result was better as did Mr Norman Tebbit, than original fears of a poor Employment Secretary. But

perhaps the most interesting This is buttressed by the claims of Mr Cecil Parkinson, star of the future was Mr the ever-hopeful party chairman, Kenneth Baker, Minister for that the Social Democrats had Information Technology, who done less well at Hillhead than clearly won over his audience at Crosby, and Croydon last in explaining, simply and autumn and that the Tories wittily, what his job involved. should hold Beaconsfield, where The other main feature was the by-election looks increas- the further defusing of the law ingly likely to be on June 3, and order controversy, thanks same day as the Mitcham to a skilful and emotional and Morden one.

The Hillhead result is, how- law, Home Secretary, and ever, likely to lead to a change adroit stage-managing through of emphasis in the Tory cam- selection of two chairmen of paign against the SDP, now police authorities and one clearly regarded as the main threat to the Conservatives.

Belvoir coal decision divides **Cabinet**

By Peter Riddell, Political Editor

DISAGREEMENTS the Cabinet about the desirablity of mining for coal in the Vale of Belvoir, Leicestershire, surfaced over the weekend in a speech by Mr Nigel Lawson, the Energy Sec-retary. Mr Lawson said the green light" had now been given for mining in the area. The emphasis of his speech differs considerably from the

cautious statement to the

Commons last Thursday by Mr Michael Heseltine, the Environment Secretary. After Hillhead there is likely Mr Heseltine refused perto be a review of presentation mission for one of the proof defence policy, especially the posed pits and indicated that approval for the other two Party managers reckon the would be given only after new decision, particularly unpopular in Scotland, cost their candidate and better plans were sub-

> Speaking in the Conservative Central Council in Harrogate, Mr Lawson was careful to stress his agreement with Mr Heseltine's decision.
> Nevertheless, his markedy
> more enthusiastic approach
> to the project is likely to cause a Whitehall row.

mitted to protect the environ-

There has been a fragile compromise between the Energy Department's wish to press ahead with the project and the Environment Department's desire to hold up approval for the time being and delay implementation

until after the next election. These differences are likely to be reflected in Department of Energy pressure to approve fresh appli-

cations quickly.
In his speech Mr Lawson said the decision had "clearly given the green light to mining this valuable coalfield in the interests of the nation That is the challenge to which the whole coal industry must now respond without delay.' welcomed the National Coal Board's urgent study of new applications as a "prompt and positive reaction." Mr Lawson noted that "were

it not for technical legal reasons about the form of the speech by Mr William Whiteboard's applications, and subject to satisfactory arrangements on spoil disposal, he (Mr Heseltine) would have prominent magistrate to speak given planning permission for two of the three mines."

Slimmer NHS will serve local needs

reconstruction of the patients within the National Health Service will notice any change. But on Thursday the service will undergo one of the most important changes in its history designed to make the NHS more retary, talks about reducing the 791,800. responsive to local needs and to cut management costs.

On April 1 the 90 area health authorities in England will be by a change that could be much abolished. This will leave the more important than the rein the hands of 192 district administration. The NHS is to health authorities supervised by 14 regional health authorities. New measures announced in The three-tier administrative January-districts to regions structure unveiled eight years and regions to the DHSS. ago in the previous NHS reorganisation is in effect losing a tier. Wales and Scotland will be less seriously affected as both countries had one less tier than England.

of the NHS has been under discussion for several years, Powerful groups such as the medical profession had been against the 1974 reorganisation. And with the financial restraints on NHS spending, the general feeling in the Department of Health and sion on the NHS which had re- the past year. Middle range Social Security was that the structure was too heavy. The failure of strategic planning after 1976 which had been envisaged as the key area health authority, role meant that the area tier was the obvious one

Local politicians, professional of Britain's health service. It mushrooming of administrative hospitals. The bulk of NHS makes central control difficult and clerical staff. and the term intervention is

sary to meet the objectives of anathema to DHSS mandarins. for the NHS in England last accounting for some 70 per cent the NHS." The monitoring The main control they have is a year of 820,700 full-time of total spending. Community arrangements were not sairs. rather crude cash limit, and Mr equivalent staff showed an services such as chiropody are factory and the existing audit

Norman Fowler, the Health Seclimited intervention in the running of the NHS. But such talk is accompanied

day-to-day running of the NHS moval of a tier of health be more accountable under Unfortunately for the "non-interventionist" DHSS such

changes have come at a time when the NHS is likely to experience strain. For the first time since 1951 planned NHS The structural reorganisation spending for 1983-5 will not show any real emeth The proposal to abolish the

Patrick Jenkin, then Health Secretary, in June 1980 in a paper "Patients First" which responded to the Royal Commisported a year earlier. The commission had said it considered there was one too many tiers. Among the complaints

levelled against the 1974 reorganisation with its emphasis corporate, consensus and multi-disciplinary management NHS from being in effect the controls exercised centrally were that decisions were connational hospital service into over the NHS by the DHSS by groups sch as consultants and stantly referred upwards, and an organisation which was more health service unions, all have that in the early years of rean important say in the running organisation there had been a

Administrative and of the NHS. clerical staff numbers showed considerable growth in the 1970s. One of the aims of the reorganisation is to bring down the cost of managing the NHS

by 10 per cent between now and

the end of 1984-85.

Although evidence from the reorganised health districts is patchy, it appears that while administrators and finance officers will remain at approximately the same salary levels, nursing officers have received a boost to their pay. There are also considerable differences in the costs of management services in differing regions.

The main cost of the reorganiarea tier was put forward by Mr sation though and one that Patrick Jenkin, then Health could outweigh the cash savings is the uncertainty it has bred. Administrators have been concerned with reorganisation for appointments will not be made until the autumn and this obviously has had an effect on NHS management efficiency.

The 1974 reorganisation did achieve one major benefit in changing the emphasis of the concerned than before with treatment and services outside Provisional manpower figures hospital care with hospital costs "ensured that the numbers of

Arguably the more important thrust of the two changes in the NHS is the development of a system of accountability. Each tion would make financial of the 14 regions will be formally reviewed by the DHSS each year with the regions carrying out similar reviews for the criticism, and officials argue district health authorities they are responsible for. The aim will be to see how each part of the NHS is getting on in implementing its plans, the standards of efficiency of services and the allocation of resources.

The reviews will be carried out on mejor issues within each region and will focus on a meeting between the individual regional chairmen, top regional management and a DHSS ministerial team accom-panied by the department's permanent secretary. change in emphasis is particularly marked because until now regional planning had been examined at a very junior level within the DHSS.

What prompetd marked change was a highly critical report last July over the financial and manpower the Commons Public Accounts Committee. Its comments on NHS controls were withering. The PAC doubted whether the devolved system had

increase over the 1980 figure of still very much the Cinderellas procedures within the NHS meant that information was not readily accessible.

The PAC report also pointed out that this week's reorganisamonitoring more difficult. The policy of accountability is the Government's response to such that this should lead to much greater information being exchanged in the NHS and hopefully, to greater efficiency,

Two trial reviews in the Trent and Mersey regions have al-ready been carried out this year. The Trent review highlighted a problem over nurse training targets. The Mersey exercise showed that the Liver-poo larea health authority was overshooting its cash target.

In order to gain more precise information about the way the NHS is run, a range of performance indicators has been developed and these are cur-rently used in the Northern region. The indicators make no judgment on the type or cost of treatment because circumstances vary so much that crude comparisons can be misleading.

But the performance indicators, officials believe, will lead to a surer basis for judging the expenditure of regions and districts, and provide at the very least a basis on which to ask the right questions in the annual review sessions.

Canadian paper mill plan faces scepticism

BY ANDREW FISHER AND PAUL CHEESERIGHT

THE £50m PROJECT by Con- with their scepticism, and the solidated-Bathurst of Canada to effect on import quotas when make newsprint at the former Bowater mill in Cheshire has run into considerable scepticism from potential customers in the UK newspaper industry.

Concern has arisen over quality, mainly because the company will be importing most of the pulp from Canada rather than combining pulp and newsprint operations at one

take supplies until they are sure about the quality of the met world standards," said Mr newsprint. Mass-selling tabloid T. Oscar Stangeland, the group's newspapers are particularly executive vice-president, pulp keen on good photo-reproduc- and paper. tion and paper strength

EEC tariff charges is linked project.

Scandinavian producers have UK users, has told the Govern-free access to the Community ment that publishers have

Canada to supply the UK paper mill at Ellesmere Port. The company says the final quality of its product will be high.

We would not have made Customers are reluctant to an investment of this magnitude unless the quality of the paper

The UK Government is pro-

The Newsprint Raw Materials re-opened Bridgewater mill will Committee, grouping all the big come from Canada. doubts about the likely quality Consolidated-Bathurst is also of the product from the mill, spending C\$105m (£47m) to now renamed the Bridgewater convert a pulp mill in eastern mill.

"We're all sceptical about the project making newsprint from dry pulp, which would have to be remoistened," said Mr Bruce Matthews, deputy chairman of the committee a nd managing director of News Group Newspapers which publishes the Sun and News of the World.

The UK uses about 1.3m tonnes of newsprint a year, with Canada supplying around a third and the Scandinavians, led by 60 per cent of the pulp for the end of the project.

The users' committee wants the current size of import quotas to be maintained after the Scandinavians' status changes in 1984. It does not

want to agree in advance to take

newsprint from Bridgewater and

find that quotes for imported

newsprint are then cut. The EEC has a newsprint quota of 1.5m tonnes. Up to 1.5m more can be allowed in under a special protocol if EEC producers cannot meet enough of

the remaining demand. On Wednesday, Consolidated-Bathurst will sign agreements with Canadian federal and provincial authorities on grants The complicated question of viding nearly £10m for the UK Finland, slightly more. About of some C\$14m for the Canadian

Government attacked over whisky duty

THE GOVERNMENT has been attacked for continuing to use inflation as "the lame excuse" for successive duty increases on

Mr Raymond Miquel, chairman of Bell's, Britain's market leader, said yesterday the Government should, instead, recognise the important role whisky played in contributing to the nation's healthy balance of payments.

Duty on Scotch whisky was

now the highest in Europe, after Ireland, and he warned that the latest increase, in the Budget this month, could cause a further fall in home demand. It was bound to have a depressing effect on demand at a time when the market was not buoyant.

THE UNION STEEL CORPORATION (OF SOUTH AFRICA) LIMITED

(Incorporated in the Republic of South Africa)

-At the seventieth ordinary general meeting of shareholders of the Corporation held on 23rd March, 1982, the following salient points were highlighted by the Chairman, Dr. M. D. Marais:

GROUP INCOME TO DATE

The unaudited group income after tax for the four months ended 30th January, 1982, amounted to R2 825 000, which exceeded the income for the corresponding four months of 1980/81 by 13.3 per cent.

Despatches of steel products for the period under review, showed a decrease of 11 per

cent compared with the despatches of the corresponding four months with a resulting lower income for the steel division. The decrease in steel despatches can be attributed mainly to the lower despatches of special steels, including forged products. As a result of good market conditions, aluminium, copper and cable products improved

their respective incomes satisfactorily. The higher income is attributed to an improve-Veldmaster and the foundry recorded losses during the period under review, due to keen price competition which resulted in under utilisation of plant capacity.

Depreciation and interest charges showed increases of R368 000 and R570 000 respectively. These increases can be attributed to higher capital investments with resulting higher funding requirements and higher interest rates. On the other hand, as a result of investment allowances on capital investments, the provision for taxation showed a decrease of R369 000. The higher income can be attributed mainly to the lower provision for taxation and LIFO adjustment, as well as the increased income from the non-ferrous

ECONOMIC CONDITIONS

We are living in a period which is marked by rapid changes, so much so that during the past six months conditions changed in a direction and at a rate that nove of us expected. As you will remember, I predicted during last year that economic revival of the American economy cannot be expected, a view which today I want to reaffirm. What is most important, is that the U.S.A. economy deteriorated considerably and this tendency is still continuing. One example is the vehicle sales in the U.S.A., which turned out to be the lowest since 1957. The American steel, construction, motor and engineering industries are in an economic dilemma. The same applies to Europe, where Germany, as the leading industrial country, is also experiencing great difficulties.

Bankruptcies are increasing rapidly and I predict that the smaller and medium-size companies in foreign countries, as is the case in South Africa, are heading for difficult times during the coming two years and quite a number of them will disappear from the scene. A revival of the world economy cannot be expected without a revival of the American economy and for this reason we can expect very difficult times in the Republic during 1982 and 1983. Factors which we will have to face, is the exceptionally high prevailing interest rates which will have a detrimental effect on the demand for steel for the construction and building industries. Furthermore, the sharp fall in the gold price will together with the resulting influence on the profitability of the goldmining industry, affect the capital investment programmes of the mines. This will have a definite effect on the demand for steel in general.

The Minister of Finance has a difficult task concerning the deficit on the balance of payments and he will have great difficulty to make ends meet. Government spending as a result thereof, will inevitably be on a lower level and investments in the infrastructure including the railways, post and telecommunications, roads and bridges will definitely be adversely affected. The demand for steel could, as a result of these factors, be negatively influenced.

The prospects, however, for copper, aluminium and cable products are more promising. Despite the difficult times which the country is experiencing, it is expected that the results for the current financial year will not be lower than that of the previous year. The board of directors and management of USCO are fully aware of the situation and everything possible will be done to minimise capital expenditure, eliminate inefficiencies. increase productivity and all the like factors which is the only answer to stagilation-a period where recessionary tendencies is present in spite of a high rate of inflation.

Dr. M. D. Marais. Chairman of the Board 23rd March, 1982 Issued from: 40 Holborn Viaduct, London ECIP 1AJ

'Unparalleled vision' in training plan By Alan Pike

THE GOVERNMENT'S New Training Initiative White Paper contains a vision "unparalleled in the history of education and training" in Britain, Sir James Hamilton, Permanent Secretary at the Department of Education, told the Council of Engineer

Sir James, giving the council's 26th Graham Clark Lecture, spoke of the scheme's proposed guarantee of a year's foundation training from September 1983 for all schoolleavers of 16 without jobs. with a possibility of its later including employed young

Behind the bureaucratic words of the White Paper, he said, was a vision for development of individual young people, and for the skill and resource fulness of the working population, not seen before. Industry and education to-gether had to make it a reality.

Huge task

The task was buge. Even the first relatively modest target of covering minimum-age school-leavers without jobs meant moving from 190,000 in the Youth Opportunities

And even if we confine the age range to 16- and 17-year-olds, to give all young people at work some form of training and education requires a move from the present figure of 190,000 to a new target of about 600,000.

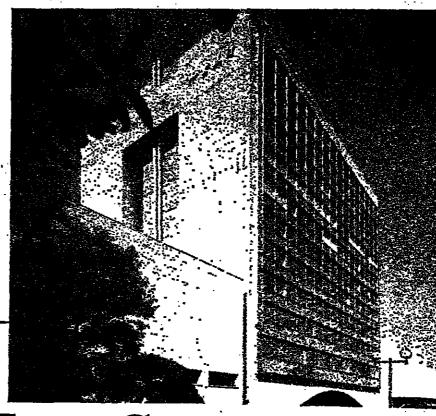
Moreover, all this has to be accomplished within a complex web of relationships between those involved—between central and local government, between educators and trainers, and within a complicated, sometimes confusing, array of institutions."

Market signals

ship stay at 16.

The "joker in the pack" was the part played by employers in providing training and education. The present market signals between the individual, the education and training systems, and the employer were simply not

he system of industrial apprenticeship, which had its origins in the 19th century, the system was one of the more eccentric aspects of national conservatism. With increasing numbers at school beyond compulsory leaving age, it was foolish to insist that the maximum age to enter apprentice



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The Chiba Bank, is pleased to announce the opening of its London Representative office, a vital link in a correspondent network covering 764 offices in virtually every major city in the world.

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Trustee Savings | Revenue Banks' combined appeals over Clore's profits fall 27%

clearing bank where the propor-tion is about two-thirds.

The TSBs' customer balance

grew only marginally, implying

that they are continuing to lose market share to the building societies and clearing banks.

Current account balances rose 12 per cent to £622m, and time

deposits grew by 10 per cent to £4.14bn, but savings accounts fell 9 per cent to £1.31bn.

The sharp growth in manage

ment expenses partly reflects the banks' ambitions to offer a

broader range of services. The increases ranged from 13.6 per cent at the TSB of Tayside and Central Scotland to 29.7 per cent at the TSB Eastern England.

The investment in manage-

ment should, in time, show through in higher profits but

for the time being it is proving

the TSBs in terms of assets. management expenses amount to 1.26 per cent of customer balances while at the TSB of

Birmingham and the Midlands the proportion is 4.74 per cent. TSB profit levels vary con-

siderably. Generally, the banks with smaller management expense ratios are more profit-

able. Several smaller TSBs rank

In terms of pre-tax return on average assets the TSB of

per cent

Northern Ireland emerges as most profitable with a return

A facility known as "Chequa

pay in cheques at Co-op stores and pay public utility bills. The

service will fit between the existing Handybank operations,

which provide most banking

services, and the cash-a-cheque

About 250 Handybanks will

be converted to Cheque post and

Cash-a-cheque locations while

some of the Cash-a-cheque points might be upgraded to

take on Cheque post facilities.

The Co-op Bank has been expanding rapidly over the last

five years and has more than a

million customers. The retail

societies are in the unusual position of being both its share-holders and agents.

estates available NOW. Superb

If you want to move up in the

social and leisure facilities,

endly environment.

Blacuau Gwent

spectacular countryside and

world move your business to

Roger Leadbeter, Chief Exec Borough of Blacusu Gwent,

Blaenau /

Civic Centre, Ebbw Vale

Gwent

savings in costs."

Mr Terry Thomas, the Co-op Bank's joint general manager, has told the stores they "will

asked to do less than hitherto and be paid more for what they do with consequent

official targets.

in this category.

TOP SEVEN TRUSTEE SAVINGS BANKS—1981

Co-operative Bank raises

making major changes in the post" will enable customers to

commission to stores

BY OUR BANKING CORRESPONDENT

THE Co-operative Bank is

way it reimburses retail Co-op

societies for the provision of

banking facilities. The effect will be to increase commissions

substantially and reduce the

criticism in the retail side of

the movement that the fast-

growing, Manchester - based Co-op Bank was not compensat-

ing the local societies suffici-

its custom on the 1,000 Handybanks in Co-op stores and 3,600

much of the routine paperwork done by the stores to its auto-

mated customer service bureau

at Skelmersdale and provide an

incentive scheme to encourage the shops to introduce new

Blaenau

the heart of industrial South

Wales - an area where industrial

growth and profitability. Askany

development really does mean

of the American, European or

Japanese companies who have

Incentives to companies expanding or relocating in Bluensu Gwent are the best in the

relocated to Blaenau Gwent.

United Kingdom:- Special Development Area Status for the

best financial package. Stable skilled work force and ample

remaining facilities, excellent rail, road, air and sea links.

cheque cashing facilities. The bank proposes to increase commissions substantially, move

ently for providing facilities. With only 70 branches, the Co-op Bank relies for much of

There has been growing

stores' workload.

BY WILLIAM HALL, BANKING CORRESPONDENT

THE PROFITS from most of Britain's 16 regional Trustee £654m but this accounts for less than 10 per cent of their balance Savings Banks, which together constitute the fifth largest force in High Street banking, fell sharply last year.

The combined pre-tax profits The combined pre-tax profits of the 16 banks, which range in size from the TSB of the Channel Isles, with just eight branches, to the TSB South East with 230 branches, fell 27 per cent to £73.1m in the year to November 20, 1981. The drop contrasts with the experience of the UK clearing banks where profits were generally higher.

Performances varied from bank to bank, where the three biggest—TSB South East, North West and Eastern England showing falls in profit, ranging from 21 per cent to 51 per cent, while some smaller banks

raised their profits. Generally, performance suf-fered from markedly higher management expenses, marginal increases in net interest a big drag on some banks earn-revenues and sluggish asset ings and ability to improve growth Allowing for inflation, their capital ratios in line with their business volume shrank. The TSBs, which together

have 1,650 branches, are turning into fully fledged banks but progress is himited because they are still required to keep a large portion of their funds in low yielding invest-

ments with the Government. The Treasury is imposing strict controls on the growth of their higher yielding assets in areas such as home loans.

The combined assets of the 16 TSBs rose 5.9 per cent to 16.70n last year. Net interest revenues rose 2.2 per cent to £287m while management expenses rose 23 per cent to £238m. The figures are compiled. from individual banks' balance

The TSBs increased their of 2.04 per cent.

estate

and the second s

By Raymond Hughes, Law Courts Correspo

TWO High Court rulings con-cerning the late Sir Charles Clore's estate will be challenged in the Appeal Court today. The Inland Revenue is trying

to exact capital transfer tax on the UK estate, which is thought to be worth between £30m and It is appealing against a ruling last March stopping it serving legal proceedings in Jersey on Stype Investments (Jersey), which transferred to the island the £20.5m proceeds

of sale of Sir Charles's Guy's Estate in Herefordshire. The Revenue, which has assessed the CTT on the sale proceeds at £15m, had argued unsuccessfully that Stype, a company controlled by a Jersey settlement set up by Sir Charles shortly before his death in 1979, had "inter-meddled" in the estate.

The Appeal Court will also hear an appeal by Sir Charles's executors against an order made last December that the administration of the estate be temporarily taken over by the Official Solicitor,

The Revenue had complained that the executors, Mr Nathan Mayotos and Mr Joseph Kaierer, Management expenses vary Mayotos an considerably, underlining the scope for improved efficiency. At the TSB of the Channel likes, the second smallest of who are also directors of Stype, were delaying administration of

Why an old family company chose closure Alan Pike looks at a pioneer

MANY MONTHS of painstaking effort came to fruition for Lazard Brothers, the merchant bank, last week when it announced agreement on a voluntary rationalisation scheme in the high-alloy steel castings

The scheme is a rare and remarkable example of co-opera-tion at industry level. Five companies will voluntarily cease production and receive compensation from a levy paid by 11 of their competitors who will continue in operation.

week's delicately ngineered breakthrough could prove the pioneer for similar self-help rationalisation schemes in the castings industry and

to play for, the Department of Industry, the Bank of England, Finance for Industry and the Steel Castings Research and Trade Association all joined Lazards in backing the scheme and helping bring it to fruition. But in the tiny boardroom

With this important objective

above the Shakespeare Works in Salop Street, Bolton, Lancs, Mr John Holt and Mrs Doris Ellis, his mother, were faced with a decision which makes the contribution of these august insti-tutions appear trifling by com-

Last week Mr Holto travelled to London and finalised the decision with Lazards repre sentatives. Next day he same period f returned to Bolton and told a 10 56.7 tonnes. meeting of his 43 workers that the old family company of

self-help rationalisation scheme

close. Thomas Carling is not the biggest of the companies that have volunteered to cease production under the Lazards scheme. Its 43 redundancies contribute to a total of 400.

Most of the 15 other foundries involved in the rationalisation are part of larger, well-known groups, and three of those withdrawing from high-alloy steel static castings production will commune to make other castings.

For Thomas Carling it will be the absolute end of a history which started in Salop Street in 1834. The Methodist revival was the big business opportunity in those days, and much of the company's output finished up as fittings in chapels.

Today's customers include the chemical, petrochemical, food and some 30 redundancies last and offshore industries year. The former did not Although the customers and products have kept pace with the times, the order book has not kept pace with rising costs.

Total production has slumped last year. Stainless steel castings, now the company's main product, have declined over the same period from 151.8 tonnes

A portrait of Mrs Ellis's father hangs in the entrance to the works, alongside a Lowry

most of the industrial era, must unnecessary confirmation that Salop Street is in the heart of the old industrial North.

Mr Holt, deputy managing director, joined the company after a death in the family as soon as he left university in 1956, and has worked there ever

of his employees Same followed similar careers, joining as apprentices and remaining with Thomas Carling throughout their working lives.

Mr Holt knew by Christian

name everyone whom he pre-pared for redundancy last week. words are superfluous when he says that the decision to close was painful.

He tells of the efforts the company made to avoid the decision, such as a diversification attempt. succeed, and the latter did not stem the tide of decline.

gradual decline in business since the mid-1970s accelerated into

prices at realistic levels, while its own identity after all these we have had to meet big years, but in the fact of increases in the fact of Thomas Carling, which has been the works, alongside a Lowry increases in the cost of raw producing castings in Bolton for print which provides completely materials and high energy and

"Our customers have cut their stocks to the tightest possible level. People who used to order 20 or 30 items at a time have cut down to three or four, and it becomes uneconomic to meet these one-off orders.

"Other factors have contributed, too. It can be very difficult for a small company to meet national level pay awards and things like the introduction of the 39-hour week at a time of recession.

"The trouble is that all these factors came together at the same time. We still have the support of some very loyal

"But when my mother and I met with other members of the family to discuss the

Lazards proposals there was only one course we could take."
"Lazards handled the negotiations really well. One of the conditions of the scheme is that we have to provide the surviv-ing companies with details of customers.

I hope that the rationalisation leaves the industry in a "If there had been any other rather worried that most of the way, we would not have agreed survivors will be big groups. Will they be interested in the small orders that we have handled when the market picks a very steep decline.

"Intense competition and approach from a big group over-capacity in the industry once, but we rejected it. We

Lazards scheme."

Cleveland fears further rise in jobless

By Nick Garnett, Northern

AN ECONOMIC assessment by the County of Cleveland, which has the highest unemployment rate in mainland Britain, says unemployment is likely to rise to 22 per cent in the area next

Unemployment in the county, which includes Middlesbrough and Hartlepool, has risen from 4.7 per cent to 18.9 per cent since 1975.

The report says per capita in Cleveland has been higher than the national rate, but the county's industrial base

is narrow. The report says 38,000 new jobs would be needed to return to the employment levels of

The report says there is "a considerable degree of ignorance among ministers and civil ser-vants" on the depth and nature of problems facing Cleveland. The area suffers badly from long-term unemployment. In January almost 20,000 had been memployed for more than a

Unemployment among young people has risen by almost 40 per cent in the past year and is double that of two years ago,

unemployed males had been

without work for more than a

"The company has decided to use cars for business travel."

"The company has decided to use cars for business travel."

"The company has decided to use cars for business travel."



Many companies hear no evil, see no evil and will speak no evil of the company car.

In fact the company car is so much taken for granted you may have long since ceased to evaluate its real effectiveness.

The company car no doubt has some advantages. But for longer trips it can be one of the slowest ways of getting from A to B.

And what exactly are your executives doing all the time they're in the car?

They can't prepare for business meetings, they can't relax, they can't even think.

And yet you pay them every moment they're in the car.

Pay them in effect for doing nothing. Now, suppose they leave the car behind and take the train. They will be safer.

They will almost certainly arrive quicker. They can relax in air-conditioned comfort on many trains, sit back in ergonomically designed seats, and give their full attention to any business problem that needs solving.

On Inter-City trains there is ample desk space and a virtual guarantee of freedom from interruptions. Which means an exceptionally high level of productivity. Perhaps even higher than that achieved in the office.

Which makes the true cost of train travel very low indeed.

Undeniably, the car has its place. But for longer trips, especially, there's a lot of wisdom in opting for the train.

This is the age of the train =

DHSS unveils £1½bn scheme for all to retire at 63

both men and women would retire on full state pension at 63 was put forward last week the Department of Health and Social Security.

The Department unveiled details of the scheme at a parliamentary committee considering retirement. It would bring to an end sex discrimination within the present state scheme.

option for employees to retire mission has been pressing for earlier at any time from the changes for many years. Penage of 60, but their state pension would be reduced by 8 per cent for each year of retirement

In addition, the scheme pro- sions. vides for employees to defer retirement beyond the age of 63 changing the present scheme and quality for a higher pension. because it was caught in a Under the present state dilemma. It said that raising scheme, men qualify for pension the retirement age for women at 65 and women at 60. There is would mean breaking faith no provision for state pension since they would expect a full

aim would be to undercut the recently-launched Talbot Samba

Competition among budget-

before these ages, even though pension at 60. And it claimed unemployment. They have

There has been growing pressure from many sectors to end the age differential between men and women and to introduce a more flexible scheme. The scheme also proposed an The Equal Opportunities Comsion schemes were excluded from the 1975 Sex Discrimination Act because there would be separate legislation on pen-

The Government has put off

During the first two months of this year, Ford's market

Aluminio Español, S.A.

U.S. \$150.00

of which US\$50,000,000 have been is

the Initial Tranche

Coursement day The Republic of Austria

Österreichische Kontrollba

US.\$200,000,000

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

tell them about its marketing strategy for the next few months amid speculation that the City, which sells at £5 less than the Fiesta Popular, which

the group is to launch a cut. at £3,255 is Ford's cheapest car.

According to trade gossip, the im would be to undercut the ecently-launched Talbot Samba 1981. This was due almost

trations.

which in its cheapest form costs entirely to a fall in Fiesta regis-

up to five years after these men. It was estimated four ages with an increased pension, years ago that it would cost £2bn a year to pay pensions for men retiring at the age of 60. Such costs could only be met by higher National Insurance

contributions

But there is strong pressure world-wide for earlier retirement and a common retiring age. The French Government last week announced plans to reduce the retirement age from 65 to 60. Both the TUC and the Con-

want retirement at 60 for all employees. Other organisations have been more concerned with the

ment than with its effect on

given a boost by the launch of

Ford obviously has some room

pricing. During its marketing car sold. campaign for the first quarter The scr

rations.

of this year year the company to get the last few models moved which goes
Fiesta won 6.1 per cent of has been able to give bonuses resulted in some heavy and the autumn.

Ford dealers meet amid speculation over cut-price Fiesta launch

federation of British Industry

of 1981 the Fiesta range was main dealers.

the Fiesta Popular and Popular on the Cortina range and on the

for for manoeuvre with Fiesta have also received £50 for every

Your Edge in

Merchant Banking.

the employee may have retired. that it would be too costly to called for a complete review Retirement can be deferred for lower the retirement age for of the age of retirement with a system of flexible retirement from: 60.

The department's scheme is a compromise in that women and those wanting to retire a: 60 would receive a lower pension. It remains to be seen whether the Government will grasp this nettle and its con-Men would retire two years earlier on a full pension.

The department estimates that the scheme would cost £14bn to introduce and a further £500m a year once it is established.

social consequences of retire- likely to centre on the reduced mean much higher pension pensions for early retirement, costs for employers.

year. However, in the early part usual discount-18; per cent for far in March compared with

There have been bonuses, too,

The scramble by some dealers

Eric Short looks at pensions and the call for change particularly those for women. courage early retirement

The Equal Opportunities Commission welcomed the scheme as the first step towards a common retirement age. But it would need to study the proposels in detail.

No indication was given conwould retire three years later cerning the effect of such proposals on occupational pension schemes. Most private pension schemes follow the state in fixing retirement ages and have stated emphatically sequences for women voters, that private pension schemes could not have a common retirement age until the state

scheme was implemented. The National Association of Pension Funds warns that such a change needs to be phased in over a long period to make Criticism of the scheme is it viable and that it would

31.5 per cent in January and

28.35 per cent in February.

Britain's best selling model,

which goes out of production in

U.S. Statement

Canadian Pacific Linited

and the larger flows first the sole.

Vaughan attacks 'abuse' of liquidation

By David Churchill, Consumer Affairs Correspon

DR GERARD VAUGHAN, the new Minister for Consumer Affairs, yesterday strongly condemned companies who used voluntary liquidation " as a commercial device for the exploitation of consumers." Consumer redress is a com-

plex matter," he told the delegates at the annual Consumer Congress meeting in Guildford. It includes the whole issue of insolvency, on which I have received a report from Sir Kenneth Cork's committee, which will be published as soon as possible."

He described the use of voluntary liquidation as a " monstrous to avoid a trader's responsibility. "It is of great concern to consumers who have paid in advance for goods from traders who then go out of business only to carry on the same business under a different

FORD MOTORS called its major priced cars has intensified new car sales in January and of £400 to some dealers for each overtly advertised price-cutting. The dealers together vesterday to recently. Apart from the Samba, February compared with \$.1 per vehicle sold. The bonus has there is BL's low-cost Metro, cont for the same months last been awarded on top of the share to nearly 33 per cent so Mr Michael Shanks, chairman of the National Consumer Council, urged Dr Yaughan to "fresh look" on the Cortina range and on the Lillitre Escort. Dealers meeting first-quarter sales targets man, had to explain how the
group would handle the last few problem of product liability. Opponents to changes of the present laws have "put up a smoke-screen of irrelevancies and half-truths to prevent consumers getting the right of redress for faulty or dangerous goods," he said.

Higher vegetable and fruit prices hit FT shopping basket

BY OUR CONSUMER AFFAIRS CORRESPONDENT

Grocery Prices Index rose again taken as an al in March for the eighth month of price levels. running.

The March index, based on data from stores throughout the UK, stood at 146.71. Last month, the index was 145,83. due to a general across-theboard increase in food prices.

But fresh fruit and vegetable still being felt in the shops.

more than 100 grocery items each month. The stores, which is copyright and may not be are the same sample month, range from small village without consent. All inquiries grocers to large superstores, should be made to Lucinda only as a guide to trends in Times.

Meat, bacon, etc. (fresh) Fruit and vegeta

FINANCIAL TIMES food prices. It should not be taken as an absolute indicator

The fresh fruit and vege tables section of the shopping basket - the only section to show a marked increase this month - rose in cost from The rise this month was mainly £315.56 in February to £325.20 this month.

According to the Fresh Fruit and Vecetable Information prices rose the fastest last Bureau, "green vegetables are month as the repercussions of not plentiful at the moment as the had winter weather were crops were held back by the till being felt in the shops. bad weather at the beginning. The index is compiled from of the year." It reports that information collected by 25 cauliflower is a little cheaper shoppers who monitor a list of while "spinach is a good buy." The FI Grocery Prices Index

reproduced or used in any way The index, however, is meant Wetherall at the Financial

253,55

Froude has been expanding

assembles, tests and services

dynamometers and has secured

Consine will continue to

operate as a separate company.

But Mr Arthur Shillito, chair-

man of the Froude companies, stated that "in order to co-

ordinate and implement the

FINANCIAL TIMES SHOPPII MARCH 1982	NG BASKET	
	March £	February £
Dairy produce	731,29	730.32
lugar, coffee, tea and soft drinks	212.28	213.17
Bread, flour and cereals	326.35	320.56
Preserves and dry groceries	717.58	117.17
suces and pickles	56.11	56.48
Canned foods	199.94	199.33

3,119,22 3.100.59 1981: January 130.96; February 131.75; March 132.75; April 134.93;
 May 136.30; June 137.37; July 136.62; August 135.50; September 136.60; October 137.49; November 140.51; December 141.24.
 1982; January 144.81; February 145.83; March 146.71.

Redman Heenan makes agreed offer for Consine

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

REDMAN HEENAN Intertional has made an agreed offer its test equipment interests and for Consine International, a is now one of the world leaders specialist engineering test in this specialised area of equipment company in which engineering. It recently set up the British Technology Group's a plant in the U.S. which National Enterprise Board has a 28 per cent stake.

The price of the acquisition a major order from Ford Motors is to be determined by refer- to supply its plant in Mexico. ence to a performance-related formula with stage payments being made over the next three

Consine, a private company formed in 1968, designs and supplies chassis dynamometers, which complement the testing group of companies, part of has formed a test plant divi-Redman Heenan, Consine sion." which employs more than 100 at its offices in the UK and U.S., also makes specialist test plant

for tyres, gearboxes and brakes.

business growth plans of the related activities within the Kedman Heena Sìon.

. Mr Brian Morgan, managing director of Consine, has been appointed to the Board of the

This week in **Parliament**

Trident programme. Motions on Wool Textile (Amendment)

Lords: Copyright Act 1956 (Amendment) Bill, Committee, Shops Bill, Committee, Local Government (Miscellaneous Provisions) Bill, Committee,

Select Committees: Treasury and Civil Service—subject: The 1982 Budget and the Government's expenditure plans 1982-83 to 1984-85. Witness: The Rt. Hon. Gordon Richardson, MBE. Governor of the Bank of England. (Room 15, 4.30 pm.) Public Accounts — subject: Investment in Hebridean fish industry. Witnesses: Mr R. Cowan, Highlands and Islands Development Board; Dr R. G. L. McCrone. Scottish Economic

Development Department (Room 16, 4.45 pm.)

Foreign Affairs — subject: Caribbean and Central America: British approach to securitry, stability and development. Witness: Mr Paul Suiton. (Room 8, 5.00 pm.)

TOMORROW

Commons: Fire Service College Board (Abolition) Bill, remaining stages. Motions on Gas Levy Rate Order. Motions on National Health Service (Dental and Optical Charges) Amendment Regulations, and on the Local Government (Direct Labour Organisations) (Competition) Amendment Regulations for England and

Wales and for Scotland. Lords: Administration of Justice Bill, Committee, Debate on EEC Farm Price Proposals for 1982-83, and the guidelines for European agriculture. Debate: Polish Government's obligations under the Helsinki

Declaration. Select Committees: Environment — subject: Inquiry into methods of financing local government in the context of Government in the context of Government's Green Paper (Command 8449). Witnesses: National Union of Ratepayers and Professor J. D. Stewart (Room 8, 4:00 pm.)

Parliamentary Commission

for Administration - subject: Reports of the Health Service Commissioner Witnesses: Staffordshire Family Practi-tioner Committee. (Room 5. 5.00 pm.) Foreign Affairs: Overseas Bilis,

Commons: Debate on the UK subject: The Work of the rident programme. Motions on Commonwealth Development Corporation. Witnesses: Commonwealth Development Cor-

poration. (Room 18, 5.30 pm). WEDNESDAY Commons: Oil and Gas (Enterprise) Bill, Remaining

Lords: Debate on the prob lems of the regeneration of the inner, middle and outer areas of old cities. Debate on the Consultative Document on the Reform of the law relating to Copyright. Design and Performer's Protection, Debate on the Queen's Flight

Select Committees Defence
—subject: Ministry of Defence
Organisation and Procurement. Witnesses: Department Industry. (Room 15, 10.30 am.)
Public Accounts — subjects: Financial assistance to Chrystal Ltd and Antrim Crystal Ltd: Provision and Later Sale of Sports Complex; Financial assistance for the provision of facilities for youth clubs. Witnesse: Mr K. P. Bloomfield and Mr J. H. Parkes, Northern Ireland Office. (Room 16.

400 pm.) Social. Services - subject: Public Expenditure White Paper: health expenditure. Witnesses; Department of Health and Social Security. (Room 21, 4.15 pm.)

Employment—subject: Youth unemployment and training. Witnesses: The Institute of Careers Officers, (Room 8, 1.30 pm.)

Treasury and Civil Service Committee - subject: Government's Expenditure Plans 1982-83 to 1984-85. Wit-Government's nesses: H.M. Treasury officials.

(Room 15, 4.30 pm.)

Welsh Affairs — subject:
Scrutiny of Welsh Office Departments. Witnesses: Welsh Office Finance Group. (Room 18, 4.30 pm.)

THURSDAY Commons: Oil and Gas (Enterprise) Bill, Remaining Commons:

Lords: Coal Industry Bill, Committee. Lloyds Bill, Second Reading. Reading. Copyright Act (Amendment) Bill, Third Reading. Deer (Amendment) (Scot-land) Bill, Report.

FRIDAY Commons: Private Members'

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Health workers given pay warning

MR KENNETH CLARKE, the Health Minister, warned at the weekend that a 4 per cent increase in the pay bill was the most the country could afford for many National Health Ser-

TUC unions, representing 650,000 of the 1m NHS employees, have called a one-hour stoppage between 2.30-3.30 pm on Wednesday, April 14, to protest against low pay. More sustained industrial action over pay offers is possible.

An extra £81.9m to the health service pay budget has allowed higher offers to be made to some nurses, midwives and others directly involved in patient care, but 4 per cent has been offered to groups such as ancillary and clerical staff.

Mr Clarke said in Notting-

ham that money for a larger settlement could come only from increased taxation or from reductions in patient care. Both were unacceptable. Leaders of 500,000 nurses

meet Mr Norman Fowler, Social Services Secretary, today to appeal for more funds so the NHS can improve its offer of pay rises averaging 6.4 per

Mr David Williams, assistant general secretary of the Confederation of Health Service Employees and chief negotiator for the nurses, said in Leeds, at the weekend, that the meeting could be the last chance for the Government to avoid a full-scale confrontation

Steel union threatens action over job cuts

BRITISH STEEL'S local-level productivity talks have run into trouble at Corby tube works, Northants, three weeks after a strike at Ravenscraig in Scotland.

A weekend meeting of 300 members of the Iron and Steel Trades Confederation, voted to back any action against plans to cut nearly 100 jobs. Mr Roy Bishop, ISTC divi-sional officer, said: "We need a

strike at Corby like we need a hole in the head. The members have said they will back us and we will not shirk from calling the men out. "We are willing to talk to

BSC over these jobs but they say that if we do not reach agreement the jobs will be cut anyway, and we cannot negotiate under those conditions." 500 johs were at risk in the immediate future at Corby, and that BSC was thinking of cut-

ting a further 1,000 jobs. Corby steelworks was closed two years ago with the loss of 5,500 jobs, but the tube works remains with 4,000 employees. Some ISTC members said last night there was little mood for a fight.

settlements in upper single figures for bank staff has been

confirmed by two deals involving the Banking Insurance and Finance Union (Bifu).

Rises of 9 per cent have been agreed for most of the 17,000 clerical staff in the three Scot-

tish clearers, while an arbitration tribunal has awarded

9.5 per cent to clerical and managerial staff at Standard Chartered, the largest inde-

The Scottish deal gives 9 per binding.

pendent UK overseas bank.

All sides set for Tebbit trial of strength THERE IS no doubt that the ment Secretary, in a statement Employment Bill is regarded by to the House, introducing hi

the trade unions as the greatest

faced this century.

Opposition

dormant?

• Will it be used by employers?

Or will it, like the 1980 Act, lie

the closed shop, union-labour

only contracts, selective dismis-

sal, tightening of immunities, and the definition of trade dis-

putes-is most likely to provide

• Will the unions be able to

deliver the total opposition to the legislation which they have

The answers lie in the com-

plex interplay between the

political, economic and social factors which influence the

labour market and the Labour

-both to clarify its propos

Which of its measures-

legislative danger they have He said: "In formulating The rhetoric used by TUC general council members now these proposals, our aim has been twofold. First, to safeguard travelling the country to rouse the liberty of the individual their officials and members is not empty. It springs from a power; and second, to improve real fear that the Act will curb he operation of the labour mar union power in work places and deplete union funds in central ket by providing a balanced framework of industrial relaoffices. The Employment Bill —Teobit's Bill, as it is known tions law. These aims are fundamental to any civilised and prosis seen to threaten both power and funds in a way that Prior's BEI, the 1980 Employment Act,

aims could scarcely find a critic. Mr Tebbit and bis There must, however, be doubt about the consequences of the Bill. The major questions which fashioning legislation which can be seen to be redressing the it raises, in the minds of emtwo great abuses which the Con-servatives identified, trumpeted ployers, union officials and Government, include: and came to office in the late spring of 1979 to remedy— union tyrainy and union restricactices. For this reaso

the Bill is the most important of

the Government's term of office.

lts success or failure, more than any other piece of legisla-tion, will make or break. Unlawful

In pursuit of the first of these ms, the Government will handsomely reward those who are dismissed for refusing to join a union, demand that existing closed shops get a high wote of approval from their members, and make it illegal for unions to enforce union status on contractors' kabour.

movement. Over the next few weeks in a series on the Bill, we shall be analysing it closely In pursuit of the second, it will narrow the definition of trade disputes immune from hability to those between workers and their own employer and to make some informed guesses on what its effects might be. and make unions as Hable as The overall philosophy of the measure was well summed up by Mr Norman Tebbit, the Employ-

individual officials have been for unlawful industrial action. The Bild is commonly seen as



John Lloyd reports on the battle which could make or break the Government

1971 Industrial Relations Act, it relies not upon new creations, like the Industrial Relations Court, but upon ordinary courts of law. It also relies heavily on the group which, as Mr James Prior, the would often bitterly recall, failed the Heath Government in its efforts to quell the unions —the employers.

Britain's employing class has developed Right, Left and Centre positions on the Bill, which are quite as pronounced as the divisions on the labour side and to a degree parallels

On the Right, the Institute of Directors, led by the influential Mr Watter Goldsmith, and on the further Right by the Freedom Association and Aims of Industry, argues that the Bill is the least that should be done and the course its appreciate. and the sooner its provisions knock some sense into

On the Left, the Institute of Personnel Management, with sporadic support from the British Institute of Management and even, on issues like the closed shop, the Engineering Employers' Federation, have thrown up practical and philo-sophical objections to the Bitl.

The CBI continues to hold the centre. Mr Richard Worsley, leaders privately believe, Labits social affairs director, says our may not form the next that the CBI's long-held desire. Government. The key issue for order, discipline and predict- for the TUC, as Mr Len Murray. ability as the cornerstones of its general industrial relation's law, was stressed, is

largely met by the Bill, though be concedes that some members of his council have had qualms. Indeed, the CBI's representa-tions were responsible for reairing an upper limit on the amount of compensation paid to closed-shop victims and to lengthening the period between the ballots on closed shops to

For the unions, publicly and for the discuss, publicly and flargely privately, the Bill is an attempt to chain their legs, now that unemployment has put them on the floor. As the TUC's report to the forthcoming conference of union executives on April 5 puts st: "It is seeking to shackle British trade unions at a time when their bargaining power has been weakened by mass unemployment and many workers are demoralised by job

Alternative

"The Government's industrial relations legislation is thus an integral part of the Government's overall strategy. Its real purposes are to make it harder for working people to defend their living standards and their living standards and their living the sand to underwine the jobs, and to underwine the pargaining strength of trade unions and thus the movement's ability to promote alternative policies to the deflationary path now being pursued by the Government.

Since the Government's Billi is seen as politically motivated, the unions' response will, in part, follow suit. On the party political level, it has secured a commitment from the Labour Party to repeal the Act (as it will become).

But this is seen as limitedthe more so, since, as union

the legislation threatens then individually, and not merely officials whom they do not know and union funds from which most will have derived little obvious benefit. Yet, however much unions

are intertwined with politics it is at the bargaining face mined. Thus, the counterpart to convincing members of need to stand up and fight is to convince employers to si

many of the country's biggest employers, warning them that attempts to use, or even obey the terms of the Bill, once it becomes law, will meet organ-

In the programme of action which will be endorsed at the April 5 conference, the unions ively to ignoring the legislation. Some unions will go further and ignore the courts as well.

Membership

Can the unions deliver? This is the ultimate test of the Bill, and it may be the ultimate test for trade union power.

Their strength has been sapped by unemployment. Some of the biggest, like the transport workers and the engineers have seen membership drop by as much as 20 per cent from their peak years. Their funds are, in many cases, dangerously

Yet, their latent power re mains the most formidable in the country. If that power can be harnessed the legislation will fail and the mould of British politics will be shown to be much as it was before. If it is not, the unions will be forced to review their social, political secretary, has and economic role as they have to convince not since the 1920s.

Report analyses role of British brokers

BY ERIC SHORT

INSURANCE brokers correctly bandle more than £7.5bn of general insurance premiums and more than £2.2bn of life and pension premiums, according to a survey published today by the British Insurance Brokers

The essociation represents rearly three-quarters of the UK's general insurance business and more than two-fifths of the life and pensions market.

It is accepted that brokers are an integral part of the UK insurance market, but until now, noone has attempted to measure precisely how important their

BIBA therefore commissioned stockbrokers Kitext and Aitken

The findings relate to business transacted by BIBA members

Brokers account for 94 per cent of marine and arration business, 76 per cent of non-

marine general business other than motor and 52 per cent of motor business. The 30 largest broking firms

ecount for £5.4bn of general insurance business, representing more than 70 per cent of all the premiums handled by brokers. The survey shows that brokers

use British insurers for most of their business, placing £4bn with UK companies and £2.12bn with Lloyd's. But they did place 19 per cent of their business. £1.44bn, with other insurers — both overseas and the UK branches of overseas companies.

One feature in recent years has been the growing number ciction, Fountain House, 130 of foreign insurance groups Fenchurch Street, London.

London. These groups get their support from the major brokers. The smaller brokers, not surpanies almost exclusively.

It has been known for some time that reinsurance business has been on the increase among major brokers. The survey shows that in 1979 it accounted for about 45 per cent of the business of major brokers and just more than one-third for all

BIBA members accounted for more than 80 per cent of in-sured pension business but less than 25 per cent of life business. Both figures, however, need qualifying.

The pensions operations of the major brokers are transacted by subsidiary consultant companies which have a large degree of autonomy. They handle all types of pensions business, including self-administrative schemes, and only one part of their activity involves placing insured pension schemes with a life company, which is the figure quoted in the survey. Smaller brokers still concentrate on insuring pension

The relatively small role of insurance brokers in the life assurance field would appear to be becoming even smaller as more life companies develop their own sales forces and operate through tied agents. A few years ago brokers had around one third of the life assurance British Insurance Broking -

a statistical report by Kilcat and Aitken, published by the British Insurance Brokers Asso-

compulsory secret ballot BY PETER RIDDELL, POLITICAL EDITOR MR NORMAN TEBBIT. the

Caution favoured over

Employment Secretary, is tak-ing a cautious attitude towards calls for compulsory secret ballots on major union decisions to be included in the Employment Bill going through Parliament.

Three Tory MPs have put down amendments statutory secret ballots before strikes and for the election of top union officials.

Mr Tebbit, who was pressed on these points at the Con-servative Central Council meeting in Harrogate over the weekend, adopted a wait-and-see approach, hinting that the current Bill might not be the right occasion.

But Mr Tebbit said the public properly elected." would not "indefinitely tolerate the sort of goings on we see on our television screens of the way strike meetings are held.

THE EMERGING trend of pay cent on basic salaries to clerks settlements in upper single at the Bank of Scotland, Royal figures for bank staff has been Bank of Scotland and Clydes-

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dale Bank from April 1, except

for junior staff in grade one (a

from April 1 and runs for 12

months, follows a final offer of

7.25 per cent from the bank.

The union's nominee on the three-person tribunal dissented from the award, which is

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all existing Capital Bonds continues unchanged.

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training grade)
receive 8 per cent.

to try to reform their unions from the inside. I have not yet given up hope that we can make more progress on that basis but I have considerable hesitations about introducing a law which could be deliberately defied by trade unions."

Mr Tebbit said he would listen "very earefully to the arguments put forward that we should consider taking a further step forward at this stage. I have not yet been per

all the arguments." He stressed the importance of seeing that those in union

He said that unless unions cleaned up their houses, there would be pressure for secret

assistant secretary, said: "Bifu will still be arguing for a double-figure award in another

major international bank Barclays Bank International." This arbitration hearing will

take place on April 13, and covers cherical, secretarial and computer steff. The bank has offered 8.5 per cent.

Bifu members in the five

English clearing banks on a final offer of 8.5 per cent on pay with improved holidays will be known on Friday.

8.75% 12.50%

10,00% 14,29%

10.75% 15.36%

9.75% 13.93%

8.50% 12.14%

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BBC 1

Open University (Ultra High Frequency only).
1230 pm News After Noon, L00
Pebble Mill At One, 143 Trumpton, 200 Men v Women (Golf Challenge), 250 A Bugs Bunny Special. 3.15 Songs of Praise from Morecambe. 3.53 Regional News for England (except London). 3.55 Play School. Secret Squirrel. 425 Jackanory. 4.40 Scooby and Scrappy Doo. 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 The

5.40 News.

6.00 Regional News Magazines. 6.25 Nationwide. 6.55 Doctor Who

Peter Davison. James Garner. 8.10 Panorama: Nicaragua —

Reagan's Other Cuba?

9.00 News,

9.25 The Monday Film:
"Cagney and Lacey"
starring Loretta Swit and Type Daly. 11.00 Film 82 with guest presenter Maria Aitken.

11.28 News Headlines. 11.30 The Computer gramme: Just One Thing After Another.

All IBA Regions as London except at the following times:

ANGLIA 9.45 am Clegg's Papole. 10.10 A-Drop in Your Hand. 10.40 "The Mask of Alexander Cross" (TV movie). 11.50 Wattoo, Wattoo. 1.20 pm Anglia News. 2.30 Monday Film Mannes: "Strange New World" (TV movie). 5.15 University Challenge. 5.00 About Anglia. 6.30 Movie Memories. 10.30 Angha Reports. 11.00 The Palace Presents. 12.00 Superstar Profile. 12.30 am The Chap Next Door.

Angha Reports. 11.00-The Palace Presents. 12.00 Superstar Profile. 12.30 am The Chap Next Door.

BORDER

9.30 am Sassma Streat. 10.30 Documentary (The making of a Crew). 10.55 World Fairy Tales. 11.20 Story Hour. 1.20 pm Border News. 12.00 Frim: Scottish Open Squash Championship. 17.30 The Palace Presents. 12.30 am North Headlines. 12.30 pm Survival. 1.20 North News. 12.00 pm Survival. 1.20 North News. 11.30 The Palace Presents. 12.30 am North Headlines. 11.30 The Palace Presents. 12.30 pm Survival. 1.20 North News. 11.30 The Palace Presents. 12.30 pm North Headlines. 11.30 The Palace Presents. 12.30 pm Survival. 1.20 North News. 11.30 The Palace Presents. 12.30 pm North News. 11.30 The Palace

CENTRAL
9.20 em 3-2-1 Contact: 9.50 The
Enterteiners, 10.15 Portraits of Power. protestances, 10.15 Potrats of Power, 110.40 Arthur Askey and Richard Murdoch in "Band Waggen." 1.20 pm Central News. 2.00 The Monday Screen Matines: "Sunstruck." 3.45 Money-Go-Round, 8.00 Central News. 10.30 Perents and Teenegers. 11.00 Central News, 11.05 Left, Right and Centre. 11.45 Paris by Night. 12.15 am Come Close.

(S) Stereophonic broadcast RADIO 1

5 00 am As Radio 2, 7,00 Mrke Read. 9,00 Simon Betes, 11,30 Dave Lee Trevis, 2,00 pm Paul Burnett, 3,30 Steva Wright, 5,00 Peter Powell, 7,00 Stayin Ahva with Andy Pasbles. 8.00 David Jensen. 10.00-12.00 John Pael (S).

RADIO 2

5.00 am Ray Moore (S), 7.30 Terry Wogan (S), 10.00 Jimmy Young (S), 12.00 Glona Hunnitord (S), 2.00 Ed Stawart (S), 4.00 David Hamilton (S), 5.45 News, Sport, 5.00 John Dunn (S), 8.00 Folk on 2 (S), 9.00 Humbers (S)

TELEVISION

Chris Dunkley: Tonight's Choice

The two biggest attractions are Sir William Walton's 80th Birthday Concert on BBC-2, with stereo sound on Radio 3, and ITV's screening of The Third Man. In the first half of the concert which is transmitted live from the Festival Hall Kyung-Wha Chung plays Walton's Violin Concerto with the Philharmonia Orchestra under Andre Previn. The second half is devoted to Belshazzar's Feast. In between there's a "biographical interlude" from Gillian Widdicombe who has been writing the composer's biography for quite some time.

The Third Man is Carol Reed's 1949 British classic, written by Graham Greene and set in post-war Vienna where Holly. Martins discovers that his friend Harry Lime not only dealt in black market penicillin but is now dead. So who is the third

The subject of Imagined Worlds on BBC-2 is Tom Gold who. starring when only 28, proposed with Hermann Bondi and Fred Hoyle the notion of the universe continuously creating matter. In 7.20 Bret Maverick starring Panorama on BBC-1 Jeremy Panaman reports from Nicaragua on the U.S. involvement in Central America.

6.45 News Summary.

7.30 Imagined Worlds.

8.00 Sir William Walton's 80th

of Jazz and Blues.: Singer Tem Waits. HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Dacw Mam Yn Dwad. 4.15-4.20 The Underses Adven-tures of Captain Nemo. 4.45-5.15 Sår. 6.00 Y Dydd. 6.30-7.00 Report Wales 8.30-9.00 Yr Wythnes. 11.30-12.00 World in Actron.

SCOTTISH

9.30 am Lonel Hudson Documentaries. 10.15 Amazing Years of Cinema. 10.40 Circus. 11.05 Young Ramsay. 11,50 Wattoo Wattoo. 12.20 pm Survival. 1.20 Scottish News. 2.00 Monday Mattines: "The Legond of Valentino." 3.45 Money-Gp-Round. 5.15

tino." 3.45 Money-Ga-Round. 5.15 Diffrent-Strokes, 6.00 Scotland Today 6.40 Crmedesk. 10.30 Encors. 11.15 Scottish Open Squasa Championships. 12.15 am Late Call.

TVS

the Royal Festival Hall, London, part 1, (simultaneous broadcast with BBC 2) (S). 8.45 A Landscape Painter in Southern Calabria by John Irving. 9 05 Concert, part 2: Walton (simultaneous broadcast with BBC 2) (S). 8.50 The Poet in his Place (S). 10.35 Jazz in Britain (S). 11.00 News. 11.05-11.15 Haydn (S).

RADIO 4

6.00 am News Briefing, 6.10 Farming Week. 6.25 Shipping Forecast, 6.30 Today, 8.35 The Week on 4, 8.43 Glyn Worsnia delves into the BBC Sound Archives. 8.57 Weather, travel. 9.00 News. 9.05 Star the Week with Richard Baker (5), -10.00 News. 10.02 Money Box. 10.30 Detly Service, 10.45

Birthday Concert from the

Royal Festival Hall.

6.50 Riverside.

BBC 2

6.40-7.55 am Open University. 11.00-11.25 Play School. 3.35 Star Movie: "Saraband for Dead Lovers" starring Stewart Granger

5.10 Let There be Music. †5.40 Laurel and Hardy in Beau Chumps." 6.15 Maggie.

9.50 A Dream of Alice. 10.35 Poems in Their Place.

CHANNEL

1.20 pm Channel Lunchme News, What 3 On Where and Weather. 2.00 Money-Go-Round. 2.30 The Monday Matinse: "Vintage Murder. 5.15 Emmerdale Farm. 6.00 Channel Report. 6.30 The Two of Us. 10.28 Channel Late News 10.35 Barney Miller. 11.05 Golling Greats (Tom Watson). 11.30 Tenspeed and Brown Shoe. 12.25 am News and Weather in Franch.

GRAMPIAN

9.30 am Cool McCool. 9.50 Last of the Wild. 10.15 Young Ramsay. 11.00 Sesame Street 120 pm Granada Reports. 12.30 Monday Mannes: "Gangway." 5.15 Orck Turpin. 6.00 Private Benjamin. 6.30 Granada Reports. 9.00 Quincy. 10.30 Danger UXB 11.30 RL Action. 12.15 am The Odd Couple.

9.45 am Thunderbirds. 10.36 Life in Focus. 11.35 International Bowls. 1.20 pm HTV News. 12.30 Monday Matines: "Prelude to Fame." 5.15 Onlifent Strokes. 6.00 HTV News. 10.28 HTV News. 10.30 The South Bank Show. 11.30 The Living Legends

Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

RADIO 3
6.55 am Weather. 7.00 News. 7.05
Morning Concert (S). 8.00 News. 8.05
Morning Concert (continued). 9.00
News. 9.05 This Week's Composor:
Sir William Walton (S). 10.00 Music
for Organ (S). 10.30 Panocha Quartet
(S). 10.55 Ashkenazy Plays Chopin
(S). 11.35 BBC Scottish Symphony
Orchestra (S). 1.00 pm News. 1.05
BBC Lunchtime Concert (S). 2.05
Metinee Musicale (S). 3.05 New
Records (S). 4.55 News 5.00 Mainly
For Pleasure (S). 7.00 Soviet Life
Through Official Literature. 7.30 Schumann Ramics (S). 8.00 Sir William
Walton's 80th Birthday Concert Imm

6.00 Thames News. 6.25 Help! with Viv Taylor

6.35 Crossroads.

8.00 Dead Ernest.

Daniel J. Travanti. +10.30 "The Third Man" star-ring Joseph Cotten, Valid

† Indicates programme in

TYNE TEES

9.20 am The Good Word. 9.25 North
East News. 3.30 Lional Hudson Documentanes. 10.15 Joe 90. 10.45 Friends
of my Friends. 11.10 Lasve Cape Horn
to Port. 11.50 Satily and Jake. 1.20 pm
North East News and Lookaround.
12.30 Monday Metanes: "The Million
Pound Nots," satiring Gregory Pack.
5.15 Diffrent Strokes. 6.00 North East
News. 6.02 Mr and Mrs. 6.30 Northern
Life. 10.30 North East News. 10.32
Briefing. 11.15 Hammer House of Horror. 12.10 am Life is Six to Four
Against.

YORKSHIRE

S.25 am Saliv and Joke. 9.35 Sesams Street. 10.40 Paint Along with Nancy. 11.05 The Story of Tutankhamen. 11.55 The Underses Adventures of Captain Namo. 1.20 pm TSW News Headines. 2.30 "Vintage Murdar," 4.21 Gus Honeybun's Maric Birthdays. 5.15 Emmerdale Farm. 6.00 Today South West. 6.30 The Two of Us. 10.32 TSW Lata News. 10.35 Barney Miller. 11.05 Golfing Greats (Amold Palmer), 11.30 Tenspeed and Brown Shop. 12.25 am Postscript. 12.30 South West Weather. 9.35 am Kum. 10.00 "The Tanting of the Shrew." starting Richard Burton and Elizabeth Taylor. 1,20 pm TVS News. 2.30 Monday Matinee: "The Admirable Crichton." 5.15 Radio.

Marning Story. 11.00 News. 11.96
Down Your Way visits Bicester.
Oxfordshire. 11.50 Poetry Please! (S).
12.00 News. 12.02 pm You and Yours.
12.27 Semi-Circles with Paula Vilicox and David Wood. 12.55 Weather, travel, programme news. 1.00 The World st.
One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoom Theatre. 4.35 Scene from a Bridge.
4.45 Story Time. 5.00 PM; News magazine. 5.50 Shipping Forecast. 5.55
Weather, programme news, 6.00 News, including Financial Report. 6.30 I'm Sorry. I Havan't a Clue (S). 7.00 News.
7.05 The Archers. 7.20 Start the Week with Richard Baker (S). 8.00 The Monday Play (S). 9.30 Kaleidoscope.
9.59 Waather. 10.00 The World Tonight. 10.30 Science Now. 11.00 A Book at Bedtime. 11.15 The Financial World-Tonight. 11.30 Todey in Perliament. 12.00 News.

9.30 am Cartoon Time. 9.35 9.30 am Cartoon Time. 9.35
Asian Insights. 10.00 Mysteries
of Indigo Depths. 10.25 "The
Terrornauts" starring Simon
Oates. 11.25 Paint Along with
Nancy. 11.55 The Bubblies. 12.00
Cockleshell Bay. 12.10 pm Rainbow. 12.30 That's the Way. 1.00
News, plus FT Index. 1.20
Thames News with Robin
Houston. 1.30 About Britain. 2.00
Money-Go-Round. 2.30 Monday
Matinee: "The Captain's Table"
starring John Gregson. 4.15 Dr starring John Gregson. 4.15 Dr Snuggles. 4.20 Graham's Ark. 4.45 Murphy's Mob. 5.15 Mr and Mrs. 5.45 News.

Gee.

7.00 Nature Watch. 7.30 Coronation Street.

8.30 World In Action. 9.00 Hill Street Blues starring

and Orson Welles. 12.25 am Close: Sit Up and Listen with Tony Bridge.

5 30 Coast to Coast 5.00 Coast to Coast (continued). 5.30 Emmerdate Farm. 10.30 A Full Lits (Indits Gandhi) 11.00 Tholler. 12.25 am

TYNE TEES

ULSTER

1.20 pm Lunchtms. 2.30 Monday Mahnee: "Let "Em Have It." 4.13 Ulater News. 5.15 Radio. 5.30 Good Evening Ulater, 6.00 Good Evening Ulster, 6.30 Mr and Mrs. 9.00 Quincy, 10.29 Ulster Weather. 10.30 Bayend Wastworld. 11.20 News at Sedtime.

YORKSHIRE

8.30 am Saily and Jake, 9.40 Sesame
Street.' 10.40 Wild, Wold World of
Animals. 11.05 A Story of Tutankhamun. 11.55 The Undersea Aiventures of Ceptain Nemo. 1.20 pm
Calendar News. 2.30 Monday Mathaes:
"True as a Turtle." 8.00 Calendar
(Emisy Moor and Belmont ed tions).
6.36 It's a Vet's Life. 9.00 Quincy.
10.30 With a Little Help. 11.00 RL
Action. 11.45 Superatar Profile.

The 250-page judgment of time

MUCH TIME (and hence President of the Court of Appeal Lords proper. They take a leave to appeal to the House of money) is expended in the reading out of reserved judgments. Lords Justices of Appeal. delivered by the courts. Mostly the oral delivery of judgments Justice absorbs an hour or so. Quite announced that in general the exceptionally, a judgment takes Court of Appeal would hand his printed judgment (or up an inordinate amount of down its judgments, other than "speech," as it technically is) to listen carefully to the judg.

courtroom time; in 1976, Sir where the case had an interest before it was handed to the Robert Megarry, the Vice to the wider public than the Chancelior, took a whole work- litigating parties and the legal ceedings took several hours; in ing week to read a 250-page profession. Initially, Lord Denjudgment in the case involving ning went along with the idea. sufficed to dispose of the claims by the Banabans for compensation for the compulsory acquisition of mining rights on THE WEEK IN THE COURTS Ocean Island, a small island in the Pacific.

Cumulatively, though, the practice is one that adds to the not inconsiderable cost of litigation. It is justified as being Ten days ago Lord Denning appeals. But it was recognised an essential feature of court proceedings, that they must be held in public; and that in- stating that reserved judgments even on occasions disrupt the accurate reporting in the news. cludes the delivering of the courts' judgments. For some time now there has

been agitation among judges and legal practitioners that the Court of Appeal and the High Court generally should modify, if not abandon, the traditional practice. Judges in the Com-mercial Court have in fact begun to adopt the habit of handing down their judgments in at least some cases where unnecessary time would be taken up in delivery, to no discernible disadvantage to the public, which can have only a passing interest in the particular litigation. This modification was adopted, no doubt under the influence of Lord Justice Donaldson, who brought the idea with him from his days as chairman of the ill-fated National Industrial Relations Court of the early 1970s.

Now the whole question has been brought to the fore, and has involved a decorous disagreement between Lord Denning, the Master of the Rolls and

Earlier this month Lord Cumming - Bruce the time of voting would not in general the solemnly read aloud and in full

(Civil Division), and some other "vote" on the appeal, which Lords. If counsel could actually determines the outcome. Until 1963 each Law Lord at

> parties. In a few cases the promost instances an hour or so

BY JUSTINIAN

had second thoughts. He that the procedure was of little This is sensibly designed to issued a practice direction benefit to anyone and could assist in the process of swift and I would continue to be read out in parliamentary programme of full, save possibly those portions the House of Lords. And so a full, save possibly those portions that are so detailed or technical as not to be readily appreciated by the audience in court.

If any judgments were excessively long, a precis of them might be substituted for the full version. The insistence of Lord Denning upon the traditional manner of giving judgment discloses another facet of appellate litigation that is at variance with the practice of the House of

been invertably delivered in a quaint reremony on the floor of the chamber of the House at 10.30 in the morning, before the chamber is given over to its deliberative and legislative business. The five Law Lords who heard the appeal argued as the Appellate Committee of the House of Lords i na committee room upstairs in the Palace of Westminster report back to themselves as the House of

change was made.

available to counsel and solicitors for the parties in counsel's robing room about an hour chamber, when each Law Lord stands up (in order of seniority) civen in my printed speech."

appeal. Why does the Court of Appeal not follow suit? Is there really any obstacle to the court simply supplying its written judgments to anyone who wishes to have a copy? Such a practice would not only save time but would also the consequential discussion on

tionally where there is some

argument as to the costs of the

read the judgments in advance of the judges coming into court they would be better equipped to know what to submit to the court. At present, counsel have ments being read and may often feel that they would like a little time to study them before committing themselves to an argument on costs and other matters.

The issue is confounded by the fact that while counsel, solicitors and the parties listen to the judgments the official shorthand-writer, the law reporters and other accredited journalists are permitted to have copies of the judgment in front of them as they hear the judgments read. papers and law reports. But it is not easy to understand why the barristers and solicitors are Nowadars the printed denied this facility. It may have opinions of the Law Lords are something to do with the system printed denied this facility. It may have

of reporting of court cases. Unlike almost every other civilised country, law reporting before the formal proceedings in England and Wales is not a of "voting" take place in the public service; it rests with private undertakings. The short-hand writers make their living and merely declares that he would either allow or dismiss the appeal "for the reasons who wishes to purchase a copy. If the courts were to make copies Judgments in appeal to the The whole procedure takes but of the judgments freely avail-House of Lords have since 1963 a few minutes, other than excepa considerable inroad would be made upon the potential income of the shorthand

writers So long as law reporting is a private enterprise, the monomakes sound sense. But should not the reporting of court cases: be made a public service? There materially assist in shortening is a strong case for some official : review of the whole system of costs and on the granting of reporting workings of the law,

RACING

BY DOMINIC WIGAN who napped Kings Glory, 11-1 winner of the Lincoln on Saturday

THE LINCOLN draw proved nowhere near as important a factor as many had anticipated on Saturday with King's Glory and Winart finishing first and third from high berths. It now ances. Saturday's triumph will seems evident that a real advantage lies only with those dence booster for last season's drawn with low numbers when champion Bryn Crossley. the ground on the Doncaster Mile is riding soft.

disappointment for Piggott's season. many followers, who saw the having taken a threatening card at Hexham, and an Epsom position at halfway. But it will stable can again win the day's be attempting to succeed on the have done a power of good for principal prize. John Sutcliffe's favourite, Glittar, in a race his

Philip Mitchell's small Epsom stable and also for the apprentice Bryn Crossley. King's Glory has now won valuable prizes for Mitchell on his two appearances since being bought out of Henry Candy's stable, for just 5,200 guineas at last autumn's Ascot September sales.

Leading apprentices oftenin the transition to becoming fully fledged jockeys, without the benefit of their riding allowhave been a tremendous confi-Crossley seems set to estab-

lish himself among the top The race again proved a bitter dozen riders by the end of the

On today's busy programme favourite Bunter finish only 8th are flat racing at Ayr, Leicester riding arrangements are now after failing to make progress and Folkestone and a jumping

Tender King, is an automatic selection for the Burton Overy Stakes at Leicester. This Prince Tenderfoot colt, who failed Blacker; Bob Champion resumes narrowly to end a run of more on Aldaniti, and, as many had than five years without a first- anticipated. Jonjo O'Neil is now time-out winner for Sutcliffe at on Uncle Bing. Richard Head Lingfield last May, made up into had hoped that John Francome one of the season's fastest two- might be available for Uncle face a worrying and lean time year-olds. He should beat Bing, but the champion jockey Mirabeau, provided he is ready to do himself justice. Two other likely looking winners on a day retaining stable. There should when there were plenty of win- be 39 or 40 runners, making it ning favourites a year ago, are one of the largest fields in Voyant, in the Simon de Montfort Maiden Stakes, and Dawns Delight, who has been taken to Avr by the Radlett trainer, Ken

> Looking ahead to Saturday's Sun-sponsored Grand National. confirmed for all the leading hopes. Mr Dick Saunders will

Two Thousand Guineas hope, close friend, the late John Thorne, so narrowly failed-to land a year ago: Royal Mail will be partnered as usual by Philip has had to forgo the mount to ride Rough And Tumble for his recent years.

> LEICESTER 3.15-Badsworth Girl 3.45—Tender King* 4.15—Voyant**

AYR 2.00-Black Glazepta 3.00—Dawns Delight***
4.30—Escapist

4.45-Mou Ferni Tychi

RADIO

It wasn't From the latter half of the 1970's the world economy entered

a period of slow growth, and shipping and shipbuilding were hit by an unprecedented recession. Using this period for carrying out structural changes and

other needed adjustments, Japanese and European shipbuilders cut down the number of their shipbuilding facilities and workforce. These measures not only helped the shipbuilding industry to cope with the recession but also contributed appreciably toward stabilising the shipping industry.

The balance between supply and demand for newbuildings is yet to be regained, but from medium and long-range points of view, this is likely to be attained in the not too distant future.

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Why a gold-plated business has been recast

Italy's largest jeweller has radically altered its structure. Rupert Cornwell reports

NOTHING seems to change at which, in the halcyon years nows. With its workforce of Gori e Zucchi, Italy's and the before the crisis was handling '1.700 people and total sales of world's largest manufacturer of up to 235 tonnes of pure gold jewellery. The dominant raw annually, equivalent to almost upheavals in its price, remains the fluctuations were a night-

at its major plant at Arezzo, ened of yet a further rise, the skill of an individual crafts- which would make stocks even man has no substitute. Its more costly to replace. showcases are still the great trade fairs like Vicenza, where buyers from five continents bullion price, ordinary Italian come to inspect the latest wares customers were either scared of the Italian jewellery indus- off, or took up queueing outtry, which traditionally sets the side retail jewellers to unload pace throughout the world. Yet the last few years have witnessed a profound transfor to the bone. As the gold price mation at Gori e Zucchi, better known by its brandname and other costs in the finished of Uno-a-Erre (which in turn is the Italian transcription of the company's hallmark 1-AR, or "Arezzo one"). The process has been underway for

gold crisis of 1980. divisions based on types of jewellery and raw material. Also, after years of expansion into an organisation of commanding size an effort is being made to replicate the flexibility that exists within the tiny firms that make up the vast majority the Italian jewellery

several years, but was given irresistible extra impetus by the

At the start of 1980, the price of gold touched \$850 an ounce, more than double the level of 12 months earlier. Since then the price has come down almost. as fast, to stand today at around

whatever the a quarter of total world output, gold, unchanging and eternal.

Whatever the advances of for a drop in the price, while mechanisation and automation the manufacturers were fright-

> Battered by front page newspaper reports of the soaring family heirlooms. The manu-facturers saw their margins cut price of some items shrank to as low as 5 per cent. Cost cutting became impossible.

Slumped

At their peak total Italian jewellery exports, including The outcome has been a sales to tourists, were running major structural change; the at over 12,500bn (£1.2bn) a company has been split into year. But in 1980 the volume of gold worked by the industry. although still about a third of the world total, tumbled to 107 tonnes from 227 tonnes in 1979 as foreign demand slumped. Last year it recovered to 165 ment is forecast in 1982. But in the immediate future a return to pre-crisis levels is

Valenza Po. Vicenza and Arezzo, Zucchi is a whale among min-

some L200bn (£85m), the company by any other standards would be medium sized, but not in a business which epitomises the country's love affair with cottage industry. The majority of companies have less than 10

Among Arezzo's 250-odd jewellery concerns. Gori e Zucchi reigns unchallenged. The advent of the industry in the Tuscan town is fancifully ascribed to the ancient Etruscans, who were master jewellers 500 years before Christ. Its modern origins, however, can be traced more exactly to the combination in 1926 of Leopoldo Gori's business acumen and the craftsman's skills of the goldsmith Carlo Zucchi. More than half century later the world's largest jewellery company, which this year may work 28 tonnes of pure gold, is controlled by their heirs.

But sheer size was of little help when the crisis struck two years ago. The company's very industrialisation and efficiency had left little fat to he trimmed. Its specialisation in pure gold objects - above all chains, bracelets and medallions -meant that the pressure on margins was particularly severe. The difficulty was com-

pounded by import duties of 5 per cent charged in key foreign markets like the U.S., Japan and Latin America. When In some respects Gori e gold prices were lower, and Zucchi's difficulties were added value represented 25 or greater still. In the Italian 30 per cent, this was less of an industry, grouped around the obstacle. "But now they're 5 three manufacturing centres of or 10 per cent, and the duly is simply too much," says Vittorio Zucchi, son of Leopoldo and

now president of the group. As a big company, moreover, it was far less free to operate on the fringes of legality than its tiny competitors, many of whom could ignore union regulations. It has been estimated that around 40 tonnes of gold are smuggled, free of VAT, into Italy each year — a practice which tends to help the minnows in what Gori terms "disloyal competition." All this added up to losses in 1980 and 1981, though this year the company should be firmly back in the black.

Mystique

The small size of Gori e Zucchi's competitors also gave them the flexibility which a bigger concern inevitably lacks. "From now on," Gori observes, the Italian jewellery trade will rely increasingly on imagination and original ideas. mixed with better technology and marketing. Mass produc-tion by Far Eastern countries especially, is going to be a real threat." As Luigi Stella, head of the Italian Manufacturers Association, put it recently: "The pioneering era of our gold jewellery industry ended

the first to bring modern marketing techniques to a business first to introduce industrial technology to help in the preliminary production processes.

gold and silver alloy every day. It was the first to diversify into silver and what might be called commemorative jewellery, medallions, and the like. Gori e Zucchi also led the way in vertical integration. Today it controls operations ranging from Chimet, its own refining company which recovers gold and other precious metal waste from old jewels, photographic equipment, integrated circuits and the like, to specialist sales subsidiaries in the U.S., West Germany and elsewhere. A separate subsidiary, Monitart, makes and sells promotional and personalised gifts, such as silver key rings. Much of its refining and basic production work is done for other manu-

But since 1980, the changes have flowed faster still. Some less so. Into the latter category should be placed efforts to launch new products on the important domestic market with a low gold content of eight carats, to reinforce the image of jewellery as a fashion accessory rather than an invest-ment item. But, says Pierluigi Rossi, export director, Gori e Zucchi was responsible for a good deal of that
pioneering. The company was
Italians are going back to their
Tor the lender, who old love for high gold content

facturers on contract.

jewellery." shrouded by mystique and At the same time, Uno-A-Erre discretion. It was among the Italia, the main operating com-At the same time, Uno-A-Erre pany for the group, has been top 4 per cent, but allied to the divided into five divisions, prospect of a bullion price covering gold, silver, jewels,

various forms of chain at the Arezzo plant, which handles an average of 300 kg apiece of The philosophy behind the re-The philsophy behind the reorganisation is to get a big company "thinking small" company "thinking small" again. The five separate divi-sions will have separate accounting in order to strengthen financial controls and improve flexibility. Equally, Gori insists on the need for greater direct contact between

the company and the consumer. With this-and the possibility of circumventing import duties in the company's most important export market—in mind, Gori e Zucchi is con-sidering setting up a direct manufacturing operation in the U.S. But how this will be received on the Arezzo shopfioor remains to be seen.

Perhaps most striking of all is Gori e Zucchi's newest idea for individual bullion holders physically to "lend" their gold to the company. This would enable the manufacturer to finance costly stocks more easily, respond more swiftly to orders, and thus become more

In a sense the project is a variation of the plans put for-ward in 1980 by the industry for part of the Bank of Italy's bullion stock-at 82m ounces the fourth largest in official hands—to be made available to

assured of return of his gold upon request, the main attrac-tion is that gold will earn interest. This is unlikely to prospect of a bullion price appreciation, it should be tempt-Today, row upon row of technical services, and watches, ing. Not only Gori e Zumachines, like giant sewing This last is a new departure, but the investor too, coul machines, knot gold thread into involving fitting bought-in Swiss putting his gold to work. but the investor too, could be





Vorkers at the Arezzo plant of Gori e Zucchi, the world's largest

'Monopolies and mergers reports are inconsistent'

UK MERGER policy has been widely criticised in the past year on two grounds. Firstly, for "arbitrary" referral of cases to the Monopolies and Mergers Commission and. secondly, for the alleged inconsistency and poor reasoning of many of the Commission's reports. Such criticism is not surprising and, indeed, is justified—for a wide range

The quality of the reports can be illustrated by comparing Lourho and House of Fraser ("Fraser"); Lonrho and Scottish and Universal Investment ("SUITS") and S and W Berisford and British Sugar (" Berisford "). A major factor in the MMC's decision on Lonrho's bid for Fraser was the latter's high and improving efficiency which might be jeopardised by Lonrho's control. Fraser's efficiency was established by "figures of the overall growth and profitability of different store groups and other indicators . . . such as sales per square foot and per employee." The figures were not shown. Other evidence

points in a different direction:

eost (and current cost) profits

were reported but not com-

mented on: £40.5m (£31.3m)

(i) Fraser's falling historic

in 1979, £37.1m (£24.0m) in 1980 and £34.4m (£17.6m) in

(ii) In "SUITS" the MMC noted the pre-eminence of Harrods and the relatively poor performance of other parts of Fraser, If, overall, Fraser is of average efficiency, the bulk of Fraser would appear to be of questionable efficiency.

(iii) Fraser's decision making processes are unimpressive. Only recently have formal financial appraisals been introduced but the one made for a store opening in Milton Keynes contained no calculation of a

Impulsive

The above points—the relevance of which was established by the MMC drawing attention to Lonrho's "mixed" profits results and noting that it has not yet repeated its African successes in the UK-show that the efficiency of Fraser was not

established. The MMC made a number of specific points about Lourho's impulsive and changing attitudes to Fraser. Of more general interest is the importance of Fraser for

Lonrho, suggesting that Fraser's autonomy might be

The MMC felt this would reduce Fraser's efficiency because of (i) the likely effect of the merger on key Fraser personnel, (ii) the difficulties inherent in a merger between companies with different characters and types of business, and (iii) the strain on Lonrho's management.

Points (i) and (ii) can be considered in relation to the MMC's comments on the Berisford bid for British Sugar but on point (iii), the the age of Mr Rowland and others, and the small size of Lonrho's head office staff. Yet in "SUITS" the MMC stated that "In general we have no doubt that Lourho is a dynamic organisation.
[Mr Rowland's] experience
in Africa will be hard to replace, but we do not think that the company's continued prosperity is unduly depen-dent on him."

Berisford is a diversified international commodity trader and processor which operates over 80 active sub-sidiaries. British Sugar is a UK single product manufacturer with an important hy-

merchanting, the businesses are different although the MMC concluded that the husinesses "are not wholly dissimilar" and "a business does not necessarily suffer from being exposed to the judgment of those with experience in other fields."

In "Lourho" the situation is similar but the conclusion is different: "Lourho is a highly diversified group... House of Fraser is . . specialised in the business of. department stores. We be-lieve that this difference would give rise to difficul-

The MMC did not comment on Fraser's attempt to head-hunt a Lonrho director or Fraser's decision to put its future in the hands of nonretailers—Professor Roland Smith and Ernest Sharp, former joint managing director of Grand Metropolitan.

In both "Lourho" and "Berisford" the MMC was told that key personnel would depart if the merger occurred but it argued that experience shows that few do. In "Berisford" the point is dismissed for "it may he wise to avoid too certain an expectation" whereas in "Lourho" the

probability of departure "or at least the disaffection" of some directors and executives weighs heavily in the final

A notable feature of the Berisford reports is its illogical conclusion. British Sugar is said to be an efficient firm and the MMC argues that a merger would not produce any results in the public interest and that it is equally likely that efficiency would unaffected deteriorate. Thus society is offered a 50 per cent chance of no prize and a 50 per cent chance of a penalty being The expected value of this gamble is negative and against the public interest. The MMC reached a

Arbitrary

different conclusion.

Why does the MMC so often make such a had job of its reports? There appear to be five reasons. First, it sometimes simply makes a mistake eg the Berisford conclusion. Second, it sometimes seems to be a case of conclusion first, facts later. One suspects that Lourho's bid for Fraser was rejected because, in the MMC's view. Lourbo behaved

gives little guidance. Fourth, don SW7 2BX. the semi-judicial procedure Making the Major Sale, of the MMC plus the onus to Brussels. April 14-16. Fee: conceal its information and Arts 4. B-1040 Brussels, not to comment on the facts Belgium. not to comment on the facts Belgium.

it does present. Finally, the Profitable Time Management. ponents of the public interest in an arbitrary way.

Mergers Policy 1978—claimed that at least half of all separating the sheep from the W2 2HD. goats if the onus was on acquirers to prove their actions are in the public interest. But since only a few mergers are referred, the the referral procedure is arbitrary and on balance mergers offer no benefits, prohibition of large mergers may be the surest way of safe-guarding the public interest.

Stephen Lofthouse The author is an industrial

Business

courses

hadly. Third, especially in London, April 26-29. Fee: £250, conglomerate mergers, the Details from Department of key issue is efficiency, a topic Managemen: Science, Imperial on which economic theory College, Exhibition Road, Longital Hitle guidance Fourth. Introduction to Forecasting,

report that a merger is BFr 27,000 members. BFr 31,000 against the public interest is members of the American too great a burden. Working Management Association. With imprecise yardsticks of Details from Management efficiency, the MMC prefers to Centre Europe, avenue des-

MMC weighs the various com. London. April 27-28. Fee: £180. Details from Tack International. Tack House, Longmoore Street, The Green Paper - A London SW1V 1JJ.

London. April 1-2. Fee: £355 (plus VAT). Details from AMR mergers are failures. Perhaps International, 6-10 Frederick the MMC would be better at Close, Starhope Place, London

Cardiff Road, Luton, Bedford-shire, LUI 1RQ. Public Speaking for Directors, London: April 22-23. Fee: £165 (plus VAT) members, £195 (plus VAT) non-members of the Institute of Directors. Details from Education Director. Institute of Directors, 116 Pall Mall,

tution of Industrial Managers,

London SW1Y 5ED. Marketing Management, Bromley, Kent. April 18-30. Fee: £1,100 (plus VAT). Details from Sundridge Park Manage-ment Centre, Bromley, Kent BR1 3TP.

Marketing Industrial Products, Maidenhead, Berkshire. April 18-23. Fee: £446. (plus VAT) members, £495 (plus VAT) nonmembers of the Institute of Marketing Details from College of Marketing, Moor Hall, Cook-

Purchase Price and Cost Analysis, St Helens, Merseyside. April 19-23. Fee: £250. Details from School of Management Studies. Managing, Motivating and The St Helens College of Developing People, London, Technology, St Helens, Mersey-April 21-22. Details from Insti-side WA10 1PZ.

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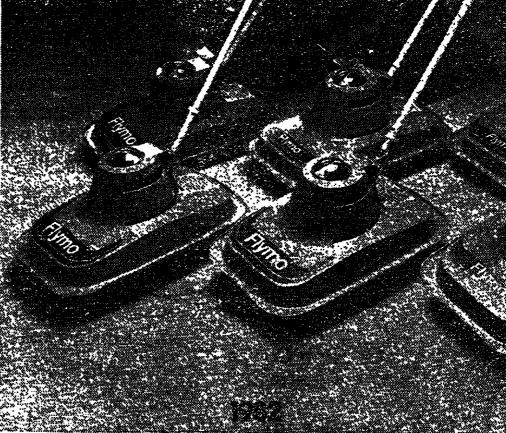
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College of Marketing





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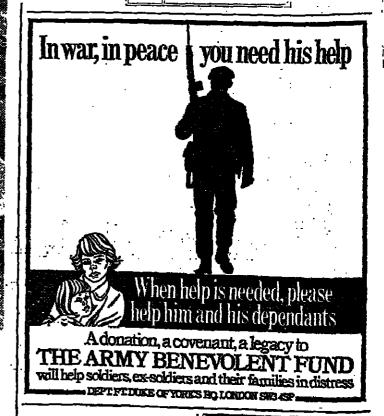
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Monday March 29, 1982

Insurance Broking

Keen competition and structural changes within the industry in the past few years have meant a rough ride for insurance brokers worldwide. The picture is not wholly bleak, however, as the adverse conditions have obliged most of them to turn a sharp eye to costs and organisation, with the result that the industry is better equipped for the future.

In better health despite adversity

By John Moore

INSURANCE BROKERS have faced a year of structural changes within their community and their markets at a time when competitive conditions have intensified. Yet most of these groups, which buy insurance on behalf of clients they represent show few sears they represent, show few scars from the adverse trading conand the industry

A year ago the industry was in the doldrums. The major UK brokers, who earn much of their revenues overseas in U.S. dollars while incurring most of their costs in sterling, were hit by the continuing appreciation of sterling. Throughout 1979 and 1980 sterling appreciated against the dollar reaching a peak in the closing months of, 1980. In 1981 sterling declined against the dollar, which once again helped to enhance broking revenues and offset some of the effects of rising costs.

Broking, which derives its revenues from commissions

titive conditions in the wider insurance market. Willis Faber

Conditions have remained extremely competitive in all insurance markets as rapidly expanding risk-carrying capacity chases slowly growing business volumes. The major brokers have found that the answer to the problem is to increase productivity which ductivity, which may be achieved by more business pro-cessed by the same staff or a reduction in numbers, together with an extension of the types of business they can place and more innovation in types of insurance programmes.

Over the past year or so brokers have been slimming down staffs, largely through natural wastage programmes, and developing large account business, particularly in the area of oil and energy.

To some extent the competitive squeeze on costs has been offset by the high level of interest rates. Undistributed

earned on insurance premiums, down on protracted delay. More-remains at the mercy of compe-over, brokers have found that they are not deriving as much benefit as they would like from observed in its last report and invested cash since they have accounts: "If a broker runs his to fund claims themselves. UK industrial fire portfolio on Reinsurance markets prefer to hold on to the cash and (premium) rates are cut by 20 per cent it follows that his profit is cut from 20 per cent of the brokerage to nil."

Conditions have to fund claims themselves markets prefer to hold on to the cash themselves during periods of high interest rates; rething insurance and international insurance networks have be come more complex and extended, so cash transmissions are slowed by increasingly elaborate

> Against this mixed trading background the insurance broking community is undergoing its structural upheavals. The most extensive changes have taken place in the UK, where some of the more established brokers' stratificial miles. lished brokers' traditional role is under threat.

Lloyd's brokers have lost their historically exclusive access to the Lloyd's market as the three major U.S. brokers—Matsh and Alexander Alexander and Frank B. Hall— have all successfully purchased their own Lloyd's brokers.

Continued

ups have continued over the last year, partly for defensive off risks they could no longer the broker's hands to underwriters there are high yields to
be obtained.

Delays in cash transmissions
between brokers and underwriters can often be as long as
two months, akthough underwriters are now trying to clamp

AMERICAN-UK BROKING LINKS Alexander and Alexander merger with Alexander Howden

owns 20 per cent of Minet Holdings Frank B. Hall owns Leslie and Godwin Fred S. James owns 2 53 per cent stake in Wigham Johnson and Higgins an informal link with Willis Faber

Marsh and McLennan mounted a takeover of C. T. Bowring is a 53-per-cent-owned subsidiary of Stenhouse Holdings Reed Stenhouse

close informal links with C. E. Heath Rollins Burdick Hunter

equal voice in any structure which would enable them to do so. A merger which would have established complete equality stumbled over the inability to reconcile the taxation treatments of both group's earnings. Alexander and Alexander turned to Alexander Howden, a group which had been looking for a U.S. partner for sometime.

The U.S. group launched an

agreed takeover. For Lloyd's brokers the palmy days are over. The last contraction in capacity in the U.S. in the mid-1970s saw business volumes flow across the The major transatiantic link- Atlantic to London in huge quantities as insurers had to lay profits can be invested at attractive rates, and on very short-term money passing through the broker's hands to under-the broker's hands to un

groups to be able to speak with reinsurance markets. The recycling and churning of pre-miums gave a tremendous boost to profits of the Lloyd's brokers The U.S. brokers soon saw

that their London counterparts were doing rather better than they themselves in world markets, although the lines of business were exactly the same. The key to the London brokers' supremacy was their involvement with Lloyd's. Lloyd's underwriters only deal with approved Lloyd's brokers. If U.S. brokers wanted to use Lloyd's they had to turn to Lloyd's brokers. Once the UK Lloyd's broker had access to the business volumes from the U.S., he could generate even more revenue for his own benefit through endless reinsurance programmes and arrange-

also wanted to extend their traditional retail-based busises into the world reinsurance and wholesale markets. The way to do this was to acquire a London broker which already had a fully developed international network.

For his part the UK broker wanted to get nearer his principal market, the U.S., and the large multinational clients to ensure that business was retained in increasingly competitive conditions. Other UK brokers followed the trend of the transatlantic link-up fearing that if they did not forge links with U.S. brokers their business would suffer in the future realignments.

In this new realignment it is the U.S. broker who has gained most of the benefits. He has obtained direct access to Lloyd's and the international reinsurance community while retaining his independence. The UK broker, generally not of a size comparable to that of his major U.S. counterpart, has had to sacrifice his independence in forging the relationship to retain his U.S. business.

Channelling

Those brokers in the London market who remain independent face a longer term threat. With their new London links the U.S. brokers have already started channelling business through their new Lloyd's broking sub-

tional role is the legislation for improving self-regulation within the Lloyd's market. Parliament has decreed that Lloyd's brokers must radically alter their structures once the new legislation becomes law—which could be later this year. Accepted found by the House of Com-mons to be unacceptable. Selfregulation at Lloyd's cannot work unless conflicts of interest which undermine a system of fair self-regulation are eradicated, the legislators have said.

To this end brokers' share-holding links with the management companies of Lloyd's underwriting syndicates, the sellers of insurance, should be sold off over a period of up to five years after the legislation is enacted.

Alexander Howden, Stenhouse, Minet, and C. E. Heath are vigorously opposed to this sale, or divestment as it is known at Lloyd's. They are making a last ditch stand through a House of Lords petition in order to gain extensive revision of the clause and so avoid forced sales of what they regard as important revenue earners.

Although the outlook for the future structure of some of the major brokers' operations is uncertain the industry is looking healthier than it has done for some time. The lean last two years or so have encouraged extensive cost-saving measures and rationalisation. UK brokers are probably more efficient than they have been for some time as computer systems have

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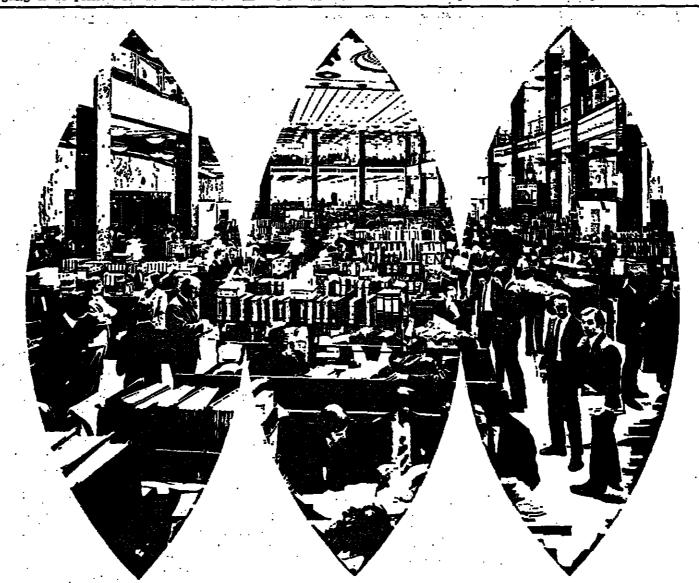
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effectively deployed.

Harmonisation

Large non-insurance groups with broking subsidiaries are showing great interest in the sector, injecting more capital into these subsidiaries and encouraging ambitious growth programmes. It is predicted by some experts that the drive in the UK for greater efficiency among insurance companies through large mergers could lead to controversial acquisitions by overseas insurance companies, particularly U.S. insurance groups, of insurance brokers as well as the purchase of loss-adjusting and related

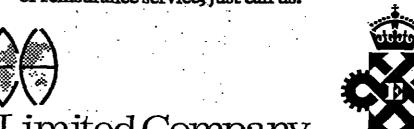
been properly organised and. The period of extensive back room office staff more change has only just begun.



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LLOYD'S MARKET share is The reasons for the declining declining. From a 24 per cent market share and the changing share of world premium business mix within the Lloyd's tage share has contracted to 1.2

The underlying

The underlying

There are more insurance per cent. The underlying operators than ever before prodecline is probably more serious than at first appears.

There are more more providing an abundance of capacity and encroaching on Lloyd's

Outstanding liabilities at Lloyd's at the end of a three Foreign markets are more year underwriting account are reinsured into the next underwriting period and credited as a premium. Often the amounts involved can be substantial. The last completed underwriting account for Lloyd's, for 1978, showed premiums of £2.2bn. That figure was stated before the deduction of any reinsurance to close the under-

writing account. On a net written premium basis it is estimated that the premium income in 1979 amounted to £1.5bn, a figure which excludes the

> Lloyd's JOHN MOORE

1960s Lloyd's share of the London market, including all other insurance companies, and declined from more than 23 per cent to about 15 per cent. Against this background of

falling market share Lloyd's mix of business is changing. Progressively the market is transforming itself into a pure reinsurance market. Something like two thirds of its business is now represented in reinsurance. Conventional direct business is becoming more hard to obtain, and Lloyd's is having to resort to its reputation for insuring the most exotic of risks in order to secure business. True, Lloyd's remains a significant marine insurance market, but a growing bulk of its premium volumes depends reinsurance business.

The reasons for the declining

protective over insurance revenues which they have come to regard as an important part

• Captive insurance companies have been formed by major multinationals; premium volume increases have been checked by the captive development. • The U.S., the world's largest insurance market, is retaining

more of its premiums at a time when interest rates are high and an abundance of local capacity is available. ● New Lloyd's-style markets

are emerging in the U.S., and the Arab world is making a determined thrust into the international reinsurance and insur-

In this environment, Lloyd's has to fight for reinsurance business on the risks which are largely being insured in local markets.

It is hardly surprising then that Lloyd's is divided internally about the possible advantages and disadvantages which would arise from an enforced separa-tion of brokers' shareholding links with Lloyd's underwriting management companies once the legislation for improving the market's self regulation becomes

Underwriters arguing against divestment say that it is going to be more important than ever in the future that a close relationship with Lloyd's brokers continues. The competitiveness of world markets is not likely to diminish. And there are fears among Lloyd's underwriters that brokers, lacking a commercial within the Lloyd's market, will place business elsewhere.
"I have no desire to see

LLOYD'S PREMIUM INCOME (Total results and membership statisties)

-	• • • • • • • • • • • • • • • • • • •							
	Premiums £m	Underwriting or technical profit	Ultimate profit (after other debits and credits)*	Membership				
970	786.8	53.89	64.97	5,999				
971	871.3	76.13	77.43	6,020				
972	957.4	77.94	91.99	6,237				
973	1,190.9	61.97	109.67	7,105				
974	1,538.9	22.63	81.60	7,562				
975	1,582.0	86.43	135.16	7,666				
976	1,703.2	96.50	122.76	8,565				
977	1,896.2	99.95	131.36	10,730				
978	2,163.2	110.73	174.39	14,091				
979	n/a	n/a	n/a	17,278				
980	n/a	20/2	n/n	18,552				
				10 120				

Credits include net interest from investment of underwriting funds, and other credits from the appreciation of invested premium, plus exchange gains. Debits include management expenses, investment depreciation, currency losses, subscriptions and other levies.

describe as a first division in- members to Lloyd's and provide surer and reinsurer to any in- ing the capacity to allow the ferior league simply because market to function in return for brokers have turned their attention elsewhere because they have continued to derive additional financial rewards from their endeavours in other markets, while we in Lloyd's identity, which has been croded have been forced to sever that in recent years due to the conparticular incentive," one underwriter said in evidence to

Brokers act for non-Lloyd's insurance interests through agency companies and there are fears Internal competition has among underwriters that their marketing arm will place busi-ness with these agencies rather than Lloyd's where they can earn extra revenues.

Those underwriters arguing point say the threat is imagined rather than real. Brokers will be

Lloyd's relegated from what I members agencies, introducin fees and profit commissions.

They argue that the compet tive strength of Lloyd's is its

market identity and its underlying security. The market centration of capacity through the mergers of brokers, needs to be restored by eradicating any idea that Lloyd's is a broker managed underwriting pool through conflicting interests needs to be removed encourage new capacity, in the form of new members.

The changes in Lloyd's strucagainst that particular view- ture will need the continuing co-operation of brokers and underwriters to market what is retaining considerable commer- likely to be an increasing range cial links with the Lloyd's mar-ket through the ownership of competitive Lloyd's community.

Popular means of business

broker, their markets and other firms has become more ditions have worsened. While premiums are not growing at the same rate as available market what business there is has to be made as commercially possible.

There are two kinds of reciprocity recognised by brokers and underwriters: the formal and the informal arrangements. Under a formal scheme two contracts are exchanged between insurers under which the premium and the profit are intended to be in balance, Under an informal reciprocal arrangement business is passed to a risk carrier or broker in the expectation that other busine might be passed back in

As a form of commercial log-rolling it has its advantages and disadvantages.

> Reciprocity JOHN MOORE

Brokers could be ensured of a certain level of profitability, but clients may be unaware that the markets into which their business is

Moreover, reciprocal arrangements between broken and underwriter may not work out to everyone's advantage. There have been problems in the past about establishing the correct balance of incentives for both parties involved to stimulate

and make the arrangement

commercially viable. Whatever the drawbacks brokers have been eager to develop reciprocal arrangements with most of the emerging markets as soon as possible in order to prevent premium hy-passing their

Reciprocity as a concept largely developed in the reof his treaty in return for company's treaty business. If successful it achieves an increase of incoming business in order to offset the volume of outexpenses and helps with cash flow, and enhances profitability.

It can add a diversification to a portfolio of business in terms of geographical spread and type of risk. The risk is that other insurers' business may not be as profitable as the account of the company where the reciprocal arrangement is made. Incoming reinsurance on a reciprocal arrangement may only add to reinsurers' problems during a bad underwriting cycle,

Focus on divestment underwriting links

IF THE LLOYD'S brokers are forced to divest themselves of their shareholding links with ine ungerwriu companies within the Lloyd's market, the effects may not be as bad as some brokers first

The percentage of business placed into the Lloyd's market has been decreasing over the years as the Lloyd's brokers' own operations have expanded. Some Lloyd's brokers only place a quarter of their business into the market with the remainder placed into international markets or UK insurance

companies.
As brokers' revenues have grown so the percentage contributed by Lloyd's underwriting agency activities to profits has decreased. The effects on profitability are likely to be less than expected if divestment

Brokers are still to be allowed to retain their members' agency operations, which will allow them to introduce new members to the Lloyd's market and exert a powerful influence on capacity

Moreover, the structural changes could have a more deep-rooted effect on brokers' operations which may explain the underlying concern and tension about the divestment

Four years ago 40 per cent of all Lloyd's premium of £1.6bn was produced by just three broking companies. About half the underwriting capacity managed by agencies under the control of brokers. Eight of the largest agencies trolled by the eight largest brokers which in return pro-duced nearly 60 per cent of the premium for Lloyd's.

This concentration of capacity has rapidly accelerated since then and it is probable that with the takeover of Alexander Howden by Alexander and Alexander of the U.S. about half the underwriting capacity of Lloyd's is providing revenues for the world's three largest brokers.

The concentration of power has eliminated much competi-tion within the Lloyd's market, supported Lloyd's pricing struc-ture and provided a steady bedrock of earnings to both broking and underwriting groups. With premium rates supported by the erosion of competition within the Lloyd's market itself, inevitably brokers' commissions on those premiums placed with the Lloyd's community have also been cushioned,

The unbundling of capacity at Lloyd's could have an effect on brokers' revenues, which goes beyond the simple loss of revenue from fees and profit commissions earned from managing underwriting syndi-cates. In a community which could return to free market conditions, rates are likely to be under pressure and with them

commissions. The loss of fees and profit syndicates could be partly comLloyd's brokers

JOHN MOORE

pensated by the renegotiation of agreements between a member's agency, which the broker is still to be able to retain, and the independent managing agency with whom he has a contractual arrangement to introduce members of Lloyd's. The moderation of

broker's clout within the Lloyd's market might have an effect on pricing and break up some of the more cosy revenue earning arrangements. Already there have been threats by some of the larger broking houses that they will place more business within underwriting agency companies which they manage on behalf of non-Lloyd's in-terests because of the additional financial incentives. Those that argue against divestment have

ship of non-Lloyd's underwriting agency companies and insurance Parliament and UK legislators

have dismissed that argument on the grounds that the conflict of interests are by no means identical. Brokers own the capital they provide for their non-Lloyd's agency activities. whereas the management companies of Lloyd's underwriting syndicates do not own the capital of the members' of Lloyd's which supports the market's operations to allow it to function.

Parliament concluded members of Lloyd's, policy-holders and the market itself needed to be protected from possible abuse in the shareholding relationship of brokers with underwriting interests. Parlia-ment was satisfied that divestment was necessary to remove conflicts of interest which could undermine Lloyd's new powers of self regulation. Alexander said that future legislation for Howden and other interested the insurance industry might parties are to seek an amend choose to observe the precedent ment in the House of Lords to of the Lloyd's divestment to block divestment.

PROFITS ACCRUING FROM LLOYD'S

UND	ERWRITIN	G AGEN	CIES	
	(£'00	D)		- ·
Insurance broker C. E. Heath	Year-end 31. 3.82†	Total pre-tax profits 16,250	Lloyd's agencies 600†	% of pre-tax profits 4
Hogg Robinson	31. 3.82†	9,630	2,000	21
Minet Holdings	31.12.81†	15,000	1,800	12
Sedgwick Group	31.12.80	39,138	3,000†	8
Stenhouse Holdings	30. 9.82†	10,875	950	9
Stewart Wrightson	31.12.80	7,388	408	8
Willis Faber Source: Sheppards an	31.12.80 nd Chase	19,870	1,900	5

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Competition intense as tide of new entrants runs on

REINSURANCE brokers are under pressure. Too many under pressure. Too many participants are operating in supply has expanded faster than business volumes and competition for new business

March 29 1992.

INCOME

toring the second secon

n employed

According to Mr Murrough Turvill, reinsurance marine director of Willis Faber, this trend is continuing." It is now more difficult to make money, because on the reinsurance side of the business competition is continuing to bring down reinsurance premiums and hence commissions."

With new entrants, attracted by the relatively low costs of reinsurance work, continuing to swell the market, established firms seem agreed that the competition is, if anything, getting stiffer. According to Mr Michael Butt, chairman of Sedgwick International, while the supply of world insurance in terms of the number of insurers has remained roughly constant over the last decade the number of reinsurers has risen by 25 per

The onus is now on reinsurance brokers to cut costs, and-

Reinsurance DOMINIC LAWSON

though this may be a conflicting obligation-to search for commission-earning premiums in

Mr Michael Howard, managing director of Sedgwick Payne Reinsurance International Brokers believes that "reinsurance brokers are no more conscious of costs than they were five years ago." The very nature of the business limits the extents of cost-cutting. Reinsurance needs very little in the form of fixed assets or sophisticated marketing operatiion. As one reinsurance broker says: "Reinsurance broking is Tabour-intensive-that above all limits the cost savings we can sustain-our job is to save costs for the reinsured."

One obvious cost-cutting exercise has already taken place. Since some 10 years ago most of the major firms in this have moved their administrative headquarters out

Modernisation is another

Murrough Turvill says that at dollar through "but that it is security as "the principal con-Willis Faber "we try to "artificial capacity." "People cern. This is being realised and councies concerned and certain rationalise our business the have been so anxious to get the reinsured are moving busiwhole time. Modern machinery to deal with more business without any increase in the number of people—a reduction in fact."

As reinsurance programmes have become increasingly complex in their structures, it has sometimes been virtually impossible to disentangle the strata of reinsurance and identify the ultimate risk carrier, who has acted as broker and so forth. Within these chains cash transmissions become stickier as all the participants do their utmost to hold on to the money and so gain investment income. Paradoxically, the less efficient a party is in handling its cash flow, the more profitable it is.

Mr John Lepine, chairman of Norwich Winterthur Reinsurance Corporation, argues that if reinsurers are to produce satisfactory rates of return they "will be compelled to improve vastly their access to

According to Murrough Turvill, "in the international recession everybody along the line has been longer paying, including the original insured party. But reinsurers are looking for quicker cash flow and they are probably getting it." Michael Butt is more optimistic: Time and attention to cash management has improved significantly, despite the temptation of high interest rates. Cash flow in terms of premium collection is much

To develop revenue, brokers traditionally non-risk bearing agents-have in some cases moved into the field of providing underwriting facilities. These newcomers to that market may pass on the risks incurred in the form of retrocessions, having gained interest on the money and a further slice of commission.

With the sluggish cash flow involved as the roles of the intermediaries become increasingly difficult to identify, one broker argues that "people are exposed on retrocession. A weak link is going to go up the spout -but then where does it end?" Michael Howard believes that

many of the small newcomers have had to buy a lot of retrocession to give themselves the

rationalise our business the have been so anxious to get premium dollars that they have assists enormously. We are able been writing retrocession. But it's not so profitable—it's losing more than reinsurance." He believes that as this is

being realised the trend towards retrocession is tailing off.
The problem of the security of the reinsurers, who provide crucial support to primary risk carriers, has come to the fore. Michael Howard describes security as " the major problem today. We will see a number of bankruptcies over the next

ment is ultimately subjective but there must be basic guide-Murrough Turvill sees

few months and they will cause

a lot of trouble. Security assess-

ness from doubtful people into the upper crust of the market the big professional reinsurers providing good security."

Reinsurance brokers travelling ever more widely around the globe in the quest for commission-earning pre-miums. Murrough Turvill miums. Murrough Turvill on an uncommercial be believes that "there is an given the effort involved." increasing proportion of busi-ness from developing countries in terms of original premiums. In trying to get business we have to operate in every market in the world—and we have to be seen to do it. In some areas we have to accept situations that we would prefer not to, if we had the choice."

as an excuse not to pay."

Michael Howard is somewhat sceptical about the globe-trotting trend: "Every time one steps on to an aeroplane one runs up against other reinsurers trying to squeeze the lemon dry. In many cases they are working on an uncommercial basis,

No matter how peripatetic, reinsurance in arguing that the role of London is not losing its importance. Michael Butt exemplifies this belief. "It is not true at all that London is losing is its importance. In terms of its being a centre it will remain

"London is getting bigger. The traditional part of the market may be relatively less import-ant, but there are so many newcomers."

cent capacity," as they are some-times called — are an increasing problem for the more established firms. Exploiting the relatively unregulated nature of the reinsurance market small undercapitalised companies have been set up with the sole aim of exploiting the benefits of the cash flow arising out of reinsurance. When claims arise, this has made it particularly difficult for the responsible end of the market to recover its

money. The had the choice."

the main one for some time. might be forgiven for welcoming tions the subject of reserves is different sort of the Michael Butt agrees: "If you are in the international market down." Another broker insists: traction in capacity. But Hurribroker can provide a more perknowledgeable one."

loss in money terms ever, came and went and in its wake left

the market virtually intact.
Perhaps a man-made event
could cause the shake-up Michael
Howard argues that "high conbined ratios are only sustainable on high interest rates. If interest rates come down with a wallop there will be tremen-dous clear-out."

Mr Douglas King, president of Frank B. Hall (Reinsurance) Holdings of New York, has argued that reinsurance brokers should become more involved in actuarial and reserve analysis as part of a total service to meet the needs of ceding companies. "Obviously in renewal negotiations the subject of reserves is different sort of reinsurance of top priority. However, the broker? "No — just a more

cane Frederic, which caused the suasive service if reserves are highest hurricane catastrophe analysed and actuarial assumpanalysed and actuarial assump tions tested on a periodic basis without the specific pressures of the renewal season," he said in Michael Howard argues that

there is a trend towards "fund-ing-type work" and that "financial management, playing around with clients' balance sheets and getting involved in the manage broker to undertake a deeper investigation of companies' financial structures. Traditional reinsurance — going out and placing a fire treaty — will be-come relatively less important with the growing significance of this sort of financial work." Does this trend require a

Indications of some hesitancy among small firms

DECEMBER 1 last was an historic occasion for the UK insurance broking industry. On that day the provisions of the Insurance Brokers (Registration) Act 1977 came into force. This meant that no insurance intermediary could trade under the title of insurance broker uniess he had registered both himself and his business with the Insurance Brokers Registra-

tion Council The passing of the Act was the culmination of years of effort to obtain a professional status and standing for insur-ance brokers similar to that accorded to solicitors and accountants. It introduced a system of self-regulation within the insurance broking profession, backed by statutory authority, under the watchful eyes of that authority.

Up to last December anyone could set up as an insurance broker, irrespective of his qualifications, experience, integrity or financial standing. The Act lays down minimum standards for expertise and experience, together with a legally binding Code of Conduct governing the way brokers deal with their clients.

The Act also sets out financial and audit requirements in running the business, including keeping separate client accounts. It lists the permissible assets in which a broker can hold money. It lays down a minimum level of com-

by the broker, and sets out the procedures for operating a compensation fund.

Has registration accepted by the insurance broking profession? After all, an intermediary does not have to register in order to sell insurance or give insurance advice. He simply cannot use the title insurance broker. But as yet there is nothing to stop him trading under the title of consultant insurance insurance adviser.

To date some 14,350 have been registered on the register of individuals. This represents a considerable number of insurance intermediaries wishing to identified as insurance

But turning to business registrations, to date there are 1,300 sole proprietors or partners covering over 800 unincorporated business—i.e., where the broker is self-employed. These registrations are included in the individual register. There are nearly 2,500 companies, both public and private, on the corporate register.

This may not seem many. It Registration operations. But no one knew precise figures, simply because favoured cost-cutting exercise. necessary capacity "to push the pulsory professional indemnity number of small broking busi- revelation must be somewhat

insurance, depending on the nesses registering is low and disturbing to the accountancy amount of business transacted would indicate support for the profession. rumours that many small firms of intermediaries are not re-

> icture from these figures. The Registration Council is still dealing with applications and delays are arising because many

Registration ERIC SHORT

brokers left it until the last

possible moment before applying for registration and found that it was not a mere form-But another reason for the

delay was that the applicant's accountants in many cases did not produce the financial statements in the prescribed form, which for many included producing a balance sheet for the first time. It is understood that the

Council was estimated before registra- perturbed by the low standards tion that there were around shown by some auditors. The 9,000 insurance broking trading accounting standard requirements in the Act were drawn up after full consultation with there were no central controls. the official professional Thus it would seem that the accountancy bodies, so this

The Registration Council has of intermediaries are not re-taken its responsibilities gistering because they could seriously and insists on all see no trading advantage in applications going through the return for the costs and hassle full verting process. It has volved. turned down a number of But no one can draw a definite applications for individual icture from these figures. The registration, mainly because the applicant could not meet the

experience conditions. Thus an employee with an insurance company cannot set off on his own and auto-matically expect to be registered. It was quite common in pre-registration days for an insurance employee

wishing to be his own boss setting up as an insurance broker. Now he may have to serve an apprenticeship period with an established broker or insurance trade as an consultant. The insurance brokers pro-fessional body—the British

Insurance Brokers Association (BIBA)-has been endeavouring to help registrations. It has run seminars and workshops all over the country explaining registration procedures with particunlar emphasis on the financial requirements. These have been free of charge and not confined to BIBA members.

Secondly it operates a vetting service for brokers' accounts before submitting them for registration to ensure they meet the requirements. A minimal

fessional status is the disciplinary procedures taken against members failing to conform to the standards laid down. The Registration Council has a complaints investigation committee and a disciplinary committee.

To date there have been about the public, of which over 90 per cent have nothing to do with the professional conduct of the broker concerned. The Council provides a useful focus for consumers to air their insurance grievances. BIBA would prefer the public to come to them first over complaints against its members, because it feels it could resolve the problems easily without recourse to the official procedures.

There seems little doubt that registration as a means of conferring professional status to insurance brokers has had some success. One will be able to make a firmer judgment next year. This view is firmly held by BIBA, which would like in due course to improve the qualifications.

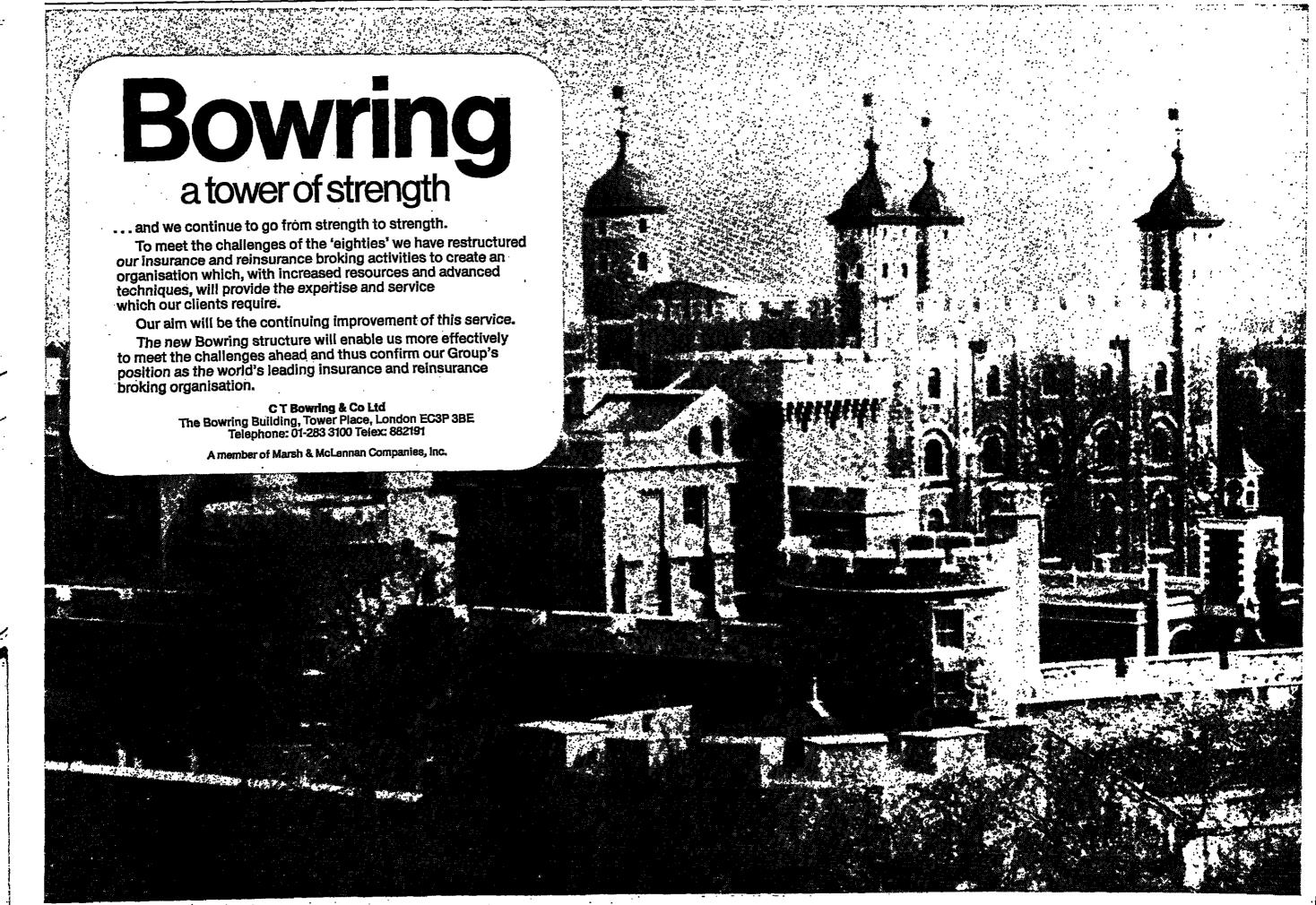
The Institute of Insurance Consultants (IIC), not surprisingly, holds a different view, since it was originally estab-lished by those persons violently opposed to the whole principle of registration. Now its opposition is mainly against the financial provisions which it claims are unrealistic for small broking firms. The IIC

But the true test of any pro- supports the general principle of conferring professional status but feels that its requirestringent for that purpose. The IIC claims to represent the interests of small- and medium-sized brokers. The two

bodies should get together to produce at least a common formula for professional standards for the individual. The other purpose of registra tion was to control the whole system of insurance marketing and here the Act fails simply because it only applies to one sector of the market-registered insurance brokers. It was envisaged at the time that the

Government would also take steps to control all other sectors of insurance marketing including the direct sales staff of insurance companies. Instead it has done nothing, preferring to wait and see how the present system works in

practice — a statement that infuriates brokers. Even the independent pro fessional adviser is not con-trolled since as stated he can trade under another title Indeed it would appear that some persons not registered have not bothered even to change their name. The Registrar has been receiving complaints about persons illegally trading under the title insurance broker and has asked officer to investigate.



MINET HOLDINGS

Strong

profit

growth

£8.7m in 1980.

field of insurance brokers in the

past year in terms of profit

growth. In the first nine months

its profits before tax doubled to

£10.6m. Its chairman, Mr John Wallrock, said in December he

expected materially better

results for the full year, and

analysts are looking for about

£14.5m profits compared to

Minet has gained to a greater extent than most of its com-

petitors in money terms from

foreign exchange movements

Some three quarters of its

brokerage income comes from

overseas and the total swing on currency was worth £1.6m to the group's profit in the first nine

Growth has been helped by

the significant shift in the im-

portance of the various sources of the group's brokerage income. In 1980 the portion from North America declined from 47 per

cent to 36 per cent while the

contribution from Africa was up

from 11 to 14 per cent as was

that from Australia and the Far

East, UK brokerage income rose

from 22 per cent to 27 per cent

from its new management structure, which separates the

group into seven profit centres,

and from a severe cost-cuiting

programme undertaken in 1980.

One consequence was the reduc-

tion of average UK staff by

8 per cent to under 1,400 in that

The directors are cautious about the outlook for 1982. They

anticipate some further growth, particularly if international

interest rates continue to fall,

remain as competitive as they

Mr Wallrock has been prominent in the debates on the Lloyd's Bill and has vicorously

opposed the move to divest management agencies. Our Lloyd's underwriting

agency companies, together with

have in the past three years:

Minet also continues to benefit

of the £29.4m total.

Our broker inspector directory

	Our promor amprovor,						
Belfast:		London (Çity):					
Ken Halliday	Tel: Belfast 41112	John Littlewood, Tel: 01-623 8765					
Birmingham:	·	Rod Parker, Jon Seal					
John Davidson	Tel: 021-236 9848	London (Hammersmith):					
Alan McGregor		Peter Jackson Tel: 01-748 4601					
Brighton:		London (Holborn):					
Dave Lee	Tel:Brighton 29755	Mike Hyde Tel: 01-405 9222					
Bristol:		Manchester:					
Pat Carroll	Tel: Bristol 297661	Mike Drew; Geoff Doyle Tel: 061-832 6931					
Cardiff:		Newcastle:					
John Pillinger	Tel: Carditf 27555	Dennis Patterson Tel: Newcastle 611091					
Croydon:		Nottingham:					
Chris Wells	Tel: 01-686 0611	Bill Granville Tel: Nottingham 49345					
Edinburgh:		Sheffield:					
Colin MacKay	Tel: 031 556 6293	John Hall Tel: Sheffield 753968					
Glasgow:		Southampton:					
John Revill	Tel: 041-221 9277	Mike Pilling Tel: Southampton 25524					
Leeds:	•	Southend-on-Sea:					
Dennis Chapman	Tel: Leeds 448101	Norman Carr Tel: Southend-on-Sea 338333					
Liverpool:		Watford:					
Mike Hairsnape	Tel: 051-227 4455	Cliff Pavey Tel: Warford 41393					

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Prudential

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Profiles on this and the following page cover a representative selection of leading insurance broking houses in Britain and the U.S. Some of the UK concerns have transatlantic links

SEDGWICK GROUP

Faith maintained in London as a centre

largest independent insurance broker in the UK. Group profits before tax in 1981 were £56.4m, a rise of 36 per cent on the figures declared a year earlier. Reported revenues for 1981 were £168.8m.

A year ago, Sedgwick was planning a merger with Alexander and Alexander of the U.S. which could have transformed the group into one of the world's largest, if not the largest, insurance broking groups. But Sedgwick wanted an equal voice in that merged arrangement and the structure needed to implement that concept produced a whole host of tax problems on both sides of the Atlantic. The merger plans were abandoned.

and Alexander and Alexander settled for a conventional takeover of Alexander

It is the second relationship with a major U.S. broker which the Sedgwick empire has seen ended. Marsh and McLennan, the world's largest broker, severed its shareholding links with Bland Payne, which merged with Sedgwick

in 1979, in favour of a take-over of C. T. Bowring.

"In spite of realignment, husiness will go where it is best handled," observes Sedgwick's chairman, Mr Neil Mills. "Brokers who have the best teams to handle their business will keep their business," is his reaction to sug-gestions that the Americans will steer premiums to their captive London brokers.

petitive pressures are fierce but does not agree that Loudon as an insurance centre is diminishing in importance. "I think London will have to fight harder to keep its preeminent position because other markets are develop-

ing."
When high interest rates, which are now supporting low premium rates, come down in the U.S. he reckons business will come back to the UK. "The American market is absorbing more of its own insurance business than it has done in the past when premium rates are hard. Rates are soft. Casualty rates are soft and property rates are soft. Therefore it is not necessary for the American retail broker to export as

otherwise if rates are hard."
Like many brokers with Lloyd's of London interests Mr Mills has become resigned to the fact that it is probable that Lloyd's brokers will have to divest themselves of their shareholding links with Lloyd's underwriting syndicates. "We believe that in a well-run operation divestmen

is actually unnecessary, but because it has got to the stage that it has with the interest of the media and Parliament it is probably better that we go through that exercise if the Bill is to be passed into

He adds: "I hope it is possible still to have inside the regulations a close relation-ship — unspecified."

C. E. HEATH

Independent eye on mergers by rivals

TIMES ARE still extremely hard against the U.S. and Australian fers to expand by opening its in the broking world, according currencies, while high world- own offices abroad rather than in the broking world, according currencies, while high worldto Mr Frank Holland, chairman of C. E. Heath. Over the last tinued to boost investment 12 months markets have re-

mained very competitive.
"We saw a little firming of rates in the marine and the aviation markets earlier on but that is slipping now." Mean-while, with competition in the U.S. market no easier, the UK is now showing all the reces-

The company is trying to increase its market share in these difficult conditions — "easier said than done"—by "more aggressive marketing and by going out and knocking on more

But the key to its current stra-tegy is cost control. The firm has been working hard on reducing the level of expenses and on cutting out unnecessary waste, while the non-recruitment policy has cut staff numbers back by 50 to 1,100 over the last six months. These measures have held the increase in costs over

The other factors in the company's favour have been the weakness of sterling, especially wide interest rates have con-

Mr Holland is keeping a weather eye on the international mergers conducted by rivals. At the moment "our philosophy is to remain as an independent British broker we are of sufficient size to be independent, although anyone smaller than ourselves must be in great difficulties. Even our own size is possibly marginal."

by acquisition. In recent years has done so in Argentina, Switzerland and Italy. In each case the offices have been established to obtain reinsurance. business.

The company has been limiting its exposure to the Lloyd's market over the years, and now only a third of its business heads in that direction. It has not yet used new markets like the one in New York, although it is watching developments Australia. Meanwhile C. E. Heath pre- here with interest

about the profits impact of having to divest itself of its Lloyd's underwriting agency, since the contribution from this source amounts to only 5 per cent or so of the total. But, Mr Holland is concerned about the potential knock-on effect as other governments consider whether they should introduce similar legislation. C. E. Heath has substantial underwriting interests in both France and

Familiar faces among small firms new

the past year at below the rate TOUGH CONDITIONS over the past year or two have been shifting some long-established patterns on the broking side of he Lloyd's market, where fission and fusion are going on

> In the depths of the underhave slipped and brokers' commission has gone the way of premiums. At the same time insurance brokers have suffered the rising costs common throughout the financial services industry.

At the small end of the market some oider companies are thought to have been having real problems. Overstaffing in good times has painful consequences now, while the increasing size of claims has a distressing effect on cash flow in a period when underwriters are being more careful
—and slower—in meeting

It therefore looks para-doxical that more new broking farms have been coming into the market than for many years past. But these new-comers are mostly packed with faces that are very familiar in the market. Exiles from the major Lloyd's brokers, they are often men who found their path obstructed when mergers transformed already large com-panies into megaliths.

Lloyd Thompson could be the identi-kit picture of a small breakaway firm. Less than a year old and employing only a dozen people, the firm is heading for brokerage in its first year of £500,000 on premium volume of around \$50m, the bulk of it in oil and marine bulk appropriate the property of the property o hull accounts. It goes almost without saying that much of this business has followed the Lloyd Thompson brokers from their previous incarnation at Alexander Howden.

Robert Fleming Insurance

Brokers is only a few months older than Lloyd Thompson, having been started in October 1980 by Mr Peter Stoddart and Mr Clive Bowring. Each had worked for C. T. Bowring for more than 20 years: "Leaving was a traumatic experience, which I would not want to repeat. But

none of us regrets the decision," says Peter Stoddart.
So far, Fleming Brokers has specialised in liability risks (including medical malpraction of the control of the cont tice and errors and ommisisons insurance) but at the end of March the team is being strengthened by some "fairly high-powered" marine reinsurance experts. All are senion men-refugees from Howden and Bowring—and know all the people involved. As Mr Stod-dart says, that gives credibility.

That has also been the experience of John Plumber and Partners, which is now approaching the second anniversary of its Lloyd's registra

Although its shareholders include Unilever and Sir Freddie Laker — each having a 10 per cent stake — three-quarters of Plumber's equity is spread around people who work in the company, account-ing for its nickname: "the Cannon Street Co-op."

Countervailing the break- into a much wider tradeaway movement, there is a orientated financial services

some day.

trend for some more established firms to strengthen their
position by going into larger
groupings. This consolidation
may be a purely insurance
broking matter—as when Willis
Faber recently absorbed the

orientated mancial services
group — after more acquisitions.
For the time being Seascope is to have 24 per cent of the new grouping, enough to give the insurance broking directors
a comfortable position on the reinsurance specialist Carter new board. Wilkes and Fane — but the According significant tendency is for diversified financial companies to provide the umbrella

From the broker's point of view a combination of strong financial backing with a degree of autonomy is the ideal. Robert Fleming offered that possibility to Peter Stoddart and his colleagues when they were starting their new ven-

Something of the same reasoning entered into the motives of Seascope, when it decided to merge with the merchant bank Henry Ansbacher. The enlarged group, which is due to come into being next month is intended to develop

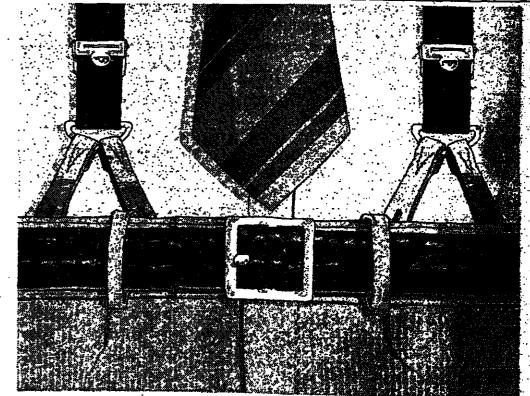
d'Ambrumenil - deputy chairman of Seascope—that gave the offer from Ansbacher a clear advantage over two others that were on the table. But in any case it was time for Seascope established in 1970 and with forecast profits of £2.1m in the year to May next—to "upgrade . . . play bigger game." There was also an attraction in gain-ing the ability to use quoted paper; Seascope's own further expansion was limited by its status as a private company and if it had not merged with a quoted company a flotation would have been necessary

our company underwriting agencies, are entirely divorced from our insurance broking activities, both as regards management personnel and even so far as each being housed in separate buildings," he said in the group's 1980 annual report. Mr David

However, the group is now resigned to divesting and wants to say no more about it. Minet's management and member agencies accounted for about 20 per cent of pre-tax profit in 1980 but that was an exceptional year because of the weakness of broking. They normally would contribute about 10 to 12 per

Minet believes that Lloyd's will remain important to it and has no policy aimed to shift business away from it. The group, in which the major U.S. broker, Corroon and Black, has a 20 per cent shareholding is committed to remaining mainly brokers. JEREMY STONE

IAN RODGER



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MARSH AND McLENNAN

World leader sets a hot pace

MARSH AND McLENNAN, MARSH AND McLENNAN, the world's biggest insurance broker, is in the process of trying to digest a phase of rapid expansion in the late 1970s which included the acquisition of C. T. Bowring, the large London broker. In January chairman Mr Jack Regan announced that Marsh's Regan announced that Marsh's entire retail broking operation—which consists of many companies, some subsidiaries, some only part-owned—will be pulled together into one massive organisation. Marsh has 274 offices in 42 countries.

The aim is to bring more unity and consistency to this sprawling empire. Eventually all its components including Bowring will have their name changed to Marsh and McLennan. "Within the insurance brokerage industry only Marsh and McLennan has the

resources to establish such an organisation," boasts Mr Patton Kline, president.

Other brokers may object to such hyperbole. But Marsh can claim with some justification to have set the pace for the international expansion of U.S. brokers. Its acquisition of Bowring in 1980 was a land-mark event in transatlantic broking and added to the pres-sures on Lloyd's of London to

eventful year, expanding its oil

and gas division, launching a

prize for manufacturing effec-

tiveness and appointing a new

Mr David Palmer, chief execu-

tive since 1978, became chair-

man at the beginning of this

group in 1959 and has been a director since 1961, rising to

As his succession is a natural

one and the group has recently

restructured its operations in

line with tougher market con-ditions, no further major organisational changes are en-

Mr Palmer is pleased that

Faber has managed to hold its

total headcount, including asso-

chates, to about 4,000 in the past year, although the UK staff has grown slightly to 2,700.

deputy chairman in 1972.

Mr Palmer joined the

WILLIS FABER

chairman.

be more receptive to foreign broking interests. The loose ends of the acquisition were only tied up in February, when Marsh disposed of Bowring's credit finance company, Bow-maker, to Lloyds and Scottish for \$150m for \$150m

Marsh has set itself a target of a minimum 10 per cent annual growth in real earnings, mnual growth in real earnings, which it has managed to achieve for many years but now recognises is a much tougher task because of the less favourable business environment. Last year profits were up about 20 per cent to \$120m but underlying results were never partly because were uneven, partly because of the weakness of the insurance business generally and partly because of a drop in earnings at Bowmaker.

Given the big shake-up that is currently reshaping the U.S. financial service industry, there has been speculation that Marsh might seek an alliance with a financial service company. Mr Regan discourages such an idea, however. " If we are close to anything,

it is to the accounting profes-sion." he says, believing that there may be scope for bundling certain types of pro-fessional services together. DAVID LASCELLES

Faber's business. "We have enough to do to be good at our

own trade. We don't want our

people to be diverted into

building societies or sweet

Faber's major existing diver-

sification is its 22 per cent stake in the merchant bank Morgan

Grenfell. The holding accounted

for about 14 per cent of the

group's £19.4m pre-tax profit in 1980.

Faber decided some time ago

that one of its main avenues

for growth was in broking to the oil and gas industry. Last

October, together with Hedding-

ton Insurance, a Texaco sub-

sidiary, it formed Heddington

Brokers as a specialist reinsur-ance broker in Bermuda.

Mr Palmer said at the time

that the group welcomed the

shops.

As his background indicates, further development of its he is totally committed to the insurance industry and has no undertaking is a major step for-

BAIN DAWES

Large and diversified spread of interests

BAIN DAWES, one of the largest unquoted insurance brokerage groups in London, was created by the merger in 1970 of A. W. Bain with Gray Dawes, Westray and Marvey Trinder. Bain specialised in placing business with tariff companies and Gray Dawes was a group of mainly marine brokers owned by Inchcape, the large overseas trading company.

Bain Dawes was wholly owned by Inchcape until July 1979 when M. M. Worms of Paris took a 20 per cent stake for £4.5m. Worms was interested in achieving strong representation in London-for its eneral insurance company, Preservatrice-Financiere. The relationship with Worms

has been a satisfactory one for both sides, although the spectre of nationalisation is now looming over French insutance companies.
"It does not seem to worry

our French cousins," says Mr Frederick Locke, financial con-troller of Bain Dawes. "I do not thing it would make a lot of difference to us. Our relationship with them is purely a commercial one. With an overall staff of about

2.000. Bain Dawes is structured in the customary way. Its large UK operation comprises marine, aviation, North American, over-

interest in further diversifying ward in the expansion of our having to sell off its Lloyd's

In November Faber launched

turing effectiveness to be

awarded by the Institution of

Mechanical Engineers. The idea

is to promote innovation in the

area between invention and pro-

duction. Six steps in the manu-

facturing process have been

defined and contestants will

have to show that they have

advanced the efficiency of at

least two. For the moment it is

a once only award, until the

Faber had another year of

profit growth in 1981 despite

difficult market conditions. Pro-

fits were up 40 per cent before tax to £27.2m, helped by

favourable exchange rate move-ment and a useful increase in

The group is resigned to

the volume of reinsurances.

group sees how it develops.

a £10,000 prize for manufac- he said.

two-year-old oil and

Oil and gas division chosen to head growth

Then there are the Lloyd's underwriting agencies of Gilliat Scotford and Hayworth, scottord and nayword, together with the Members Agency and the Bishopsgate Insurance Company, acquired in 1979 from P & O for £5.8m. The group also has significant subsidiaries in Canada, Australia, New Zealand, Hong Kong

In the year to March 1981 brokerage income was up 11 per cent to £23.8m and net premium income was more than doubled to £15.7m following the acquisition of Bishopsgate. Pre-tax profits were up only

and Taiwan.

7 per cent to £5.5m, reflecting the weakness in premium rates, deterioration of expense ratios and adverse impact of exchange rates common to the industry. Conditions remained difficult in 1981. The group is changing its year-end to December in line with its parent company and

results for the last nine months of 1981 are due shortly. Bain Dawes has accepted that it will probably have to divest its Lloyd's managing agency subsidiary, Gilliat Scotford, when the current Lloyd's Bill becomes law. Gilliat's contribution to profit in 1980-81 together with the Members

amounted to £284,000 before

management agencies, although Mr Palmer thinks it is unneces-

sary. "In this consumerist age

About £1m, 5 per cent of

Faber's 1980 profits before tax,

came from management and

members' agencies, of which

more than half came from

Mr Palmer is less concerned

about Lloyd's being given some

immunity from prosecution so

that it can be an effective

"It has to have immunity of some form, but I'm ambivalent

on whether it should be from

Parliament. I listened to the

debates in the Commons and I

can understand the reluctance

of some people to let anyone put

himself above the law. But I

think there are enough safe-

guards that someone wronged

management agencies.

regulator.

we have accepted reluctantly,

tax, only 5 per cent of the total. But Mr Locke said the move was unfortunate. "I think it could have been avoided if Lloyd's had put its foot down on a couple of occasions. And the agencies could end up with owners who are worse than

Bain Dawes is still trying to get more Lloyd's business. As a result of the 1970 merger the

ways of increasing its non-Llovd's. Another major thrust for

growth is the U.S. market. Mr Locke said the group would like to find a brokerage business there to buy but the opportuni-

Rapid rise into the top ten

WE HAVE now put our jigsaw puzzle together," observes Mr Nick Samuelson, 40-year-old chief executive of Jardine Insurance Brokers, one of the fastest growing insurance brokers in

In terms of premium Jardine will be processing \$1bn of business this year. which on that criterion makes it the world's tenth largest insurance broker. Three years ago, using the same criterion, Jardine was not in

Almost from nowhere Jardine Insurance Brokers has become a significant force in world markets, employing ,600 staff compared with 250 in 1970.

Nick Samuelson explains the strategy: "In 1978 and 1979 we had a good look at what we should do. We could either become a specialist line broker or a major broking force in world markets." The group decided that it would develop its retail broking role -advising organisations worldwide in both the private and public sectors on insur-ance—in the UK, Pacific Basin and North America.

It marked a different strategy from some of the other UK brokers in that Jardine was making a conscious effort to get a closer involvement with its clients in its major markets. Other UK brokers saw international expansion in terms of developing their wholesale placing risks operations, worldwide in international markets through the establishment of correspondent

links with other major overseas brokers. The plan involved an

ambitious acquisition pro-gramme. In 1977 the group acquired for £5.5m Thompson Graham, which became the nucleus of what is now the group's UK-based reinsurance company Jardine Thompson Graham. Then in 1980 it purchased Glanville Enthoven for £11.7m, a substantial wholesale and retail broker. which extended the group's existing UK operations and Jardine's network of overseas offices. That merger effec-tively trebled Jardine's brokerage income.

This year the group has completed the acquisition of Bache Insurance Services, the 11th biggest retail broker in the U.S. Bache employs 600 people in 20 offices equally divided between the west and east coasts of the U.S. Bache is expected to be contributing \$30m in brokerage in 1982. In four years brokerage at Jardine will have grown from \$7m to \$100m.

With extensive retail broking operations Jardine is now looking to develop its wholesale markets. In terms of its existing operations Nick Samuelson reckens that it is organised more on the lines of America's Marsh and McLennan than are other London market brokers.

By 1987 the group aims to be one of the six largest broking companies in the world. Backed by the finan-cial muscle of the oldestablished Jardine Matheson trading empire it achieve that aim.

LOWNDES LAMBERT

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Firm line taken to cut costs

MR RICHARD SHAW, the 45year-old chief executive of Lowndes Lambert Group, the insurance and broking arm of the Hill Samuel merchant banking empire, faced a herculean task when he took over the top job two and a half years ago.

Insurance broking was about to become a sizeable loss maker for Hill Samuel, substantial bad debts loomed and there were innumerable structural prob-lems within Lowndes Lambert.

"My primary task was to complete a merger, started back in 1972, between Lambert Brothers and L. Hammond which had not properly been put into effect," he explained. There was extensive double and triple running of systems between the two groups which were not cost-effective and which needed to be rational-

Shaw altered the divisions into operating companies so that the marine company, which used to be called Lambert Brothers Insurance, is now Lowndes Lambert Marine. He separated the pure non-life insurance broking activities from the life and pensions side of the business, the result of an earlier merger. Other divisions which had

een enjoying autonomy with effort to reduce costs.

The group has had to make large capital expenditures on will be 1985 before we see a lot of the benefits," says Mr Shaw. To make the business more

cost-effective Lowndes Lambert has now drawn up minimum premium requirements on direct UK business and on its overseas operations. Business broked by Lowndes Lambert, as a general rule, must now generate a certain size of premium volume before the group handles the business.

On the international scene Shaw says that Lowndes Lambert has tried to involve itself more heavily in the U.S.
"Although we have a big U.S. dollar marine account, on the non-marine side we are very present global £19m figures and small indeed compared with the I.M. major brokers.



Mr Richard Shaw

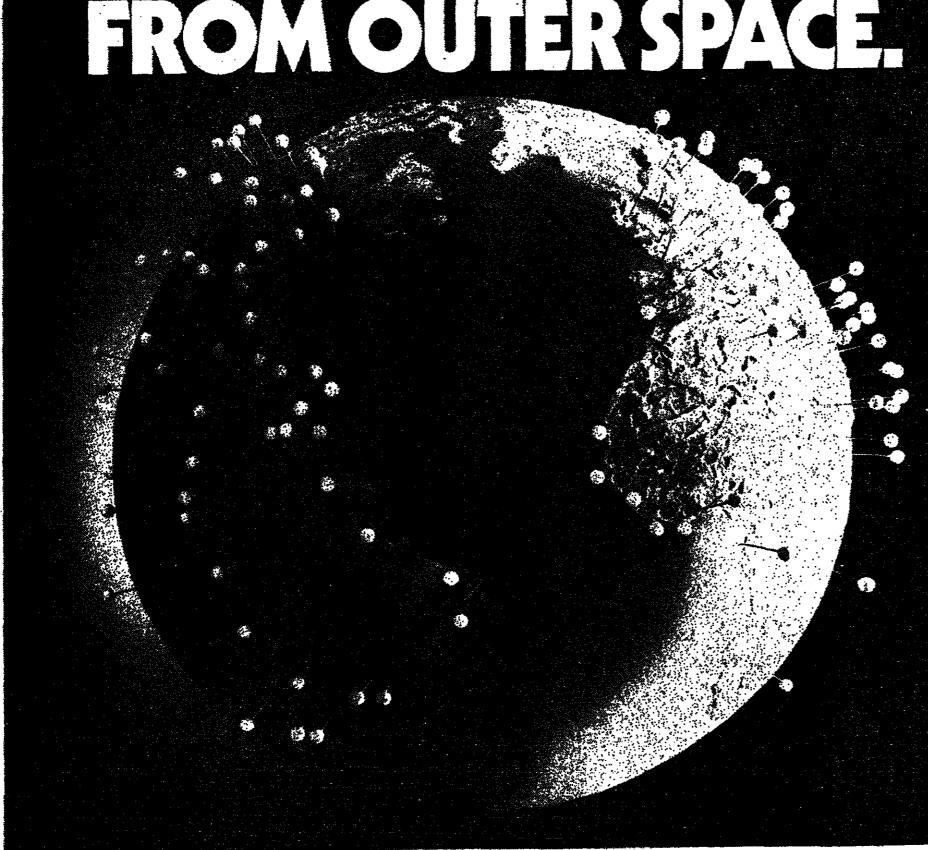
"What we have been doing is concentrating on cementing the links that we have already there," explains Shaw, Lowndes Lambert has links with its major U.S. producers of business, Frank B. Hall and Alexander and Alexander.

"While in the long term Hall and Alexander and Alexander will wish to support the acquisitions which they are making in the UK broking community we are finding that our account is growing with them rather than the other way around. For Alexander and Alex-

Lowndes Lambert is ander. placing lines of oil and energy business; and the group's U.S. cargo account is growing. Shaw is fairly relaxed about

the internal row at Lloyd's surdifferent systems and back-up rounding the proposed divest-arrangements, were brought ment of brokers' shareholding into a group structure in an links with underwriting syndicates. "Divestment will not affect us at all. Our Lambert Underwriting Agencies has its systems and integration of never done us any favours in its back-up arrangements. "It the past nor have we done any specific favours for them. The underwriting agency company is already a direct subsidiary of the Hill Samuel group anyway, an arrangement which was made as soon as I arrived. We believe that because the agency is a wholly-owned sub-sidiary of the Hill Samuel group as opposed to the broker it will be seen to be totally independent. If it does not follow the new rules then we will have to think again."

> His plans for the future include the completion of negotiations for a substantial acquisition which will add a lot of brokerage to the group's



In the United Kingdom, you may have heard of American International Underwriters.

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Table 1-LIFE BUSINESS Expect to decline Present to grow (percent) (percent) (percent) (A) REGULAR SAVINGS Any regular savings Protection policies Endowment mortgages Conventional with-profit Unit-linked Commercial business 39 Permanent health 39 (B) SINGLE PREMIUM Any single premium business 69 Guaranteed bonds 30 Linked bonds 30 Unit trusts 19

Table 2—PENSIONS BUSINESS							
Self-employed pensions (all types)	Present business (percent) 96	Expect to grow (percent) 60	Expect to decline (percent) 10				
With-profits-regular premiums	92	45	7				
With-profits-single premiums	74	34	7				
Unit-linked—regular premiums	59	36	1				
Unit-linked—single premiums	48	22	1				
Executive pensions (all types)	85	50	7				
With-profits	81	40	6				

Profusion of contracts to handle

THE PAST decade has seen points concerning his busiradical changes in the UK life ness:and pensions industry, changes that have had far reaching effects on the marketing of life and pension contracts by life brokers and other intermerdiaries.

Over this period life and pensions contracts have taken a going to sell? for the individual. Life companies, especially the unit-linked companies, have devoted maximum use of the tax concessions given to life assurance.

Through life assurance investors can use a variety of funds - including specialised sectors and overseas investment—for their portfolio plan-ning without having to invest

The net result is that life brokers are being faced with a growing variety of contracts. varying in complexity, from an increasing number of life companies. The life broker has to consider where he goes from here and how he will transact his business in the 1980s.

He should be giving serious

 What are brokers going to sell over the next 10 years? To whom are they going to

sell? • How are they going to market their products? Whose contracts are they

central role in financial planning . How are they going to be remunerated?

The attitudes of intermediaries to these questions considerable time and effort to can be gauged by the in-depth designing contracts that make survey* made last year by City Research Associates on behalf of certain life companies, who naturally are also interested in the answer to these questions.

The survey shows the current pattern and source of business transacted by those inter-mediaries in the sample and shows the way these brokers think business will develop in the future. Table 1 shows the present

pattern of life business of intermediaries. All were involved in regular savings contracts with virtually everyone handling conventional with-profits contracts and protection plans providing life cover only. The great majority sold Permanent Health consideration to the following Insurance (PHI) and handled

business as well as marketing to individuals. But still over a of the substantial concessions quarter of brokers in the sample did not handle unit-linked

The vast majority of those in the sample, but not all, also deal in single premiums life busi-But it was somewhat

Life business

ERIC SHORT

surprising to find that over 10 per cent did not sell this type of contract. The spread was quite varied—two-thirds sold guaranteed bonds, the growth area in recent years for the older investor. Only just over half were handling linked single premium bond business and only a third sold unit trusts. About three-quarters sold

annuities. Table 2 shows the involvement of these brokers in pensions business. Almost all brokers dealt in some or all forms of pensions business, with

This is not surprising in view given to self-employed pension arrangements by this Govern-

ment. The effect of the latest batch of concessions in the latest Budget will no doubt come through in the next survey by City Associates. The reluctance of

brokers to handle unit-linked business is even more marked in the pensions field-40 per cent from the sample. It is also interesting to see that a significant minority do not market single premium pension con-tracts. There is a much higher commission paid per unit premium on annual premium contracts compared with single premium plans.

Over 80 per cent of the brokers sampled marketed executive pension arrangements. not surprisingly in view of the popularity of these plans and the high commission payable. Around 70 per cent dealt with company pension arrangements. Both company and executive plans require specialist knowledge if they are to be marketed

correctly. Turning to the future, twothirds of brokers expect both their regular savings and their single premium life business to grow in importance over the next few years but are divided on whether this growth will come from conventional or unitlinked. A third expected conventional with-profits to decline in importance.

Less than two-thirds brokers expect self-employed pensions to grow in importance, a surprisingly low figure in view of the incentives given, though only 10 per cent expect it to decline in importance. Indeed very few brokers expect pensions business to decline at all. Most expect company pensions business to remain static and half expect executive business to grow in importance. What is not clear is whether this lack of optimism reflects brokers' views of economic recovery. Pensions business is very much dependent on a buoyant company and business

environment. The survey shows that the broker's main sources of life business still remain his existing clients and recommendations by them. This includes contacting those existing clients sold non-life business. Around half the brokers wrote to potential clients and followed up by telephone. Less than half the brokers in the survey received

It is interesting to note that few brokers telephone potential clients cold, in contrast to the practices of the direct salemen of life companies. There was a growing awareness of the direct mail shot approach with around one-third of brokers using this method to contact existing clients. Mail shots to other persons in order to obtain business were not widely used.

The commonest method of advertising was simply an entry in the Yellow Pages but with a growing interest shown in Thomson local directories. Nearly a third of brokers advertised in the local Press and a slightly lower proportion in specialist journals. Very few brokers used the national Press. It would appear that brokers

need to consider very carefully this aspect of their operations and to reappraise their methods of generating new business. The success of the direct salesmen indicates that it is no longer sufficient for brokers to operate from their offices.

It is interesting to note that Royal Life—the life company within the Royal Insurance Group-intends to market its new unit-linked operations directly as well as through intermediaries—in contrast to its traditional business, which is sold mainly through inter-

mediaries.
In selecting a life company
brokers looked for good technical back-up and smooth administration as well as good investment performance. They required quotations within 24 hours and policy documents within two weeks. Life companies seeking to expand their broker business will need to bear this in mind.

A much more important consideration is the type of life company used by brokers. Brokers tend to use a wide variety of companies with no special bias. Only one in 10 uses mainly unit-linked companies and one in three uses mainly conventional companies. One in three brokers avoids using life companies with direct sales forces and slightly fewer avoid companies with tied agents. It would appear that brokers are trying to force the life companies' hands to use either direct sales and tied agents or brokers - but not

Life companies which are not members of the Life Offices Association (LOA) or the Associated Scottish Life Offices (ASLO) invariably pay commisbusiness through professional sion above the official LOA sion Stree advisers such as solicitors and maximum scale, at least on price £20.

Financial Surveys in the FI

The following financial surveys are scheduled to appear over the next few weeks:

Scottish Banking

To Scotland's traditional core of clearing banks and insurance houses have been added merchant banks and risk capital providers. How the sector is faring in the current economic climate.

Australian Banking

Sweeping changes in the system have been recommended in the Campbell report. Are the authorities and financial community prepared to implement them?

Personal **Financial** Planning

Advice to the individual on life assurance, pensions, house purchase and on investment opportunities at home and abroad.

Gold Futures

A London market is due to open next month. Links with existing markets in the U.S. and elsewhere. Physical trading in gold and investment avenues.

some contracts. This has caused considerable controversy and brokers have been seeking higher commission from the LOA. But only 7 per cent of brokers use LOA/ASLO companies for most of their business compared with 43 per cent using mainly member com-panies. Half the brokers use both types of life companies equally.

It will be interesting to see in the next survey whether this pattern changes.

A Survey of Life and Pension Brokers 1981 from City, Research Associates, 5 Carthur sian Streeet, London ECIM 6EB

Freedom directive bogged down in Brussels

TWO DECADES have passed breakthrough. With the Dutch into Community law before the its first draft directive to Netherlands are the two coun-life sector. ' liberalise the non-life insurance tries pushing the hardest for the nearer to breaking down the the directive was dragged out of national barriers. The directive the backwaters and became a is still stuck in the bureaucratic political issue. machinery of Brussels while UK insurance brokers sit back fum-

Unit-linked

Group pensions

But its not just the insurance brokers and insurance companies that are missing out. The position is equally frustrating for many industrialists. A large European multinational cannot buy one policy to cover all its European risks. It is forced to insure in national markets with local companies. That can be an expensive exercise and at times

For a while last year it looked tions were lobbying politicians as if there might finally be a to push the directive through

removal of national barriers-

The Union of Industries in the EEC-the European equivalent ing because they continue to be of the UK's CBI-made an imdenied full access to the EEC passioned plea before last Decmarket for non-life business- ember's meeting of the Econoestimated to be worth £30bn a mic and Finance Ministers in Luxembourg. The industrialists stressed the need "to eliminate the obstacles to the free provision of insurance services from one member state to another.' They added: "It is in the interest of European industry, as a policyholder, to be able cover its risks with those insurance companies which offer the

> favourable terms." In the UK Lloyd's of London and other insurance organisa-

cover it requires on the most

since the European Community and then the British both serv- end of the British term of presidecided to press for a common ing their six-month terms as dency. Even the U.S. insurance market in services. Seven years President of the Council of sector was campaigning for ago the Commission produced Ministers — Britain and the further liberalisation of the non-

Harmonisation

TERRY GARRETT

But the meeting in Luxembourg, chaired by the Chancellor of the Exchequer, Sir Geoffrey Howe, failed to make an agreement. The directive has well and truely run into the

The problem is that not all the countries taking part in the negotiations want the status quo to change. Bring down the national barriers and competition will undoubtedly increase, with the effect that some local markets within the EEC will

inevitably lose business.

ling its insurance market. The British also argue that the German insurance industry is running out of growth, a development which has led to a more protectionist stance by the authorities and an aggressive drive into overseas

Germany is not seen as the only country hostile to the opening up of the market. France has sought to change the basis of taxation and widen tax applications to its insurance industry. But some people in the UK believe that if the French could have their own way over VAT on insurance premiums they would soon unlock the rest.

Yet other member states seem to be adopting the view that their national insurance In Britain the accusing markets have functioned perfinger is quickly pointed at the fectly well up to now so why

West Germans. The Boun change the rules? Anyway it is Government may like to wave all beginning to look a bit the banner of defender of the academic. The Anglo-Dutch free market but it has one of attempt in 1981 to make some the most restrictive supervisory progress on the issue has failed. authorities in the EEC control- The Presidency has now passed over to the Belgians who have one of the most restrictive insurance markets in the EEC. Britain cannot use the power of the Presidency to keep the directive high on the Ministers' agenda. It looks as though it could remain buried until the Netherlands moves back into the chair in 1986.

Perhaps the only real hope is to get the issue in front of the European Court. If an industrialist in another member state were to prove brave enough to break the national rules and insure outside his country that might cause sufficient reaction to get the whole thing in front of the court. There, the British hope, the final barriers might be broken down. But it would need an industrialist with plenty of financial resources-and even

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Birmingham Hippodrome

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I Puritani

by DAVID MURRAY

Bellini's I Puritoni, newly produced for Welsh National Opera by Andrei Serban, will reach London Wednesday Wednesday veek; meanwhile it travels, and I found it playing to an enthusiastic Birmingham audience on singing across the board, with a team of solo voices that ter—enough to dent well-founded prejudices about grey British vocalisation in the Bellini-Donizetti repertoire.

Mr Serban is a producer who, like Götz Friedrich, makes sharp visual realisations even when his guiding ideas are dubious. Pepoli's story for I Puritani, with its bemused Puritan garrison. Royalist hero and queenly fugitive, is quite unusually thin and silks and its mad soprano heroine more inconsequently mad than most: Serban's game is to make her his music with acute dramatic a twitching loon from the start. sense and a virile timbre, and a twitching loon from the start. That doesn't detract from her own visionary warblings, but it leaves her no room for sympathetic interplay with the night make. The role of other characters: why don't all these gentlemen who come up and address her so tenderly just make an excuse and run? Suzanne Murphy's Elvira is no frail object of pathos, but a tall, striking girl who looks strong enough to pose a real there in her next manic phase. We don't know who she was when she was herself. One crazy image: the Act 3 battlefield has image: the Act 3 battlefield was word-pointing to speak of. The a foundered fairy-tale coach at cast is completed by the excelstage centre, and halfway lent David Gwynne, Catherine through the act Elvira suddenly Savory and John Harris. The sits up and peers out of it, like action, with and without a muzzy Cinderella wondering Serban's imposed readings, what the hell has happened to her pumpkin.

Apart from her energetic anyhow: if his notion of opera lunacy, Miss Murphy is vocally is dimmer than Verdi's, let admirable — forceful, clean alone Wagner's, there's no misedged, often exciting, sometimes treating us to soft colours twice sophisticated score in the as affecting as the visible tics singer-oriented tradition, and with which she's afflicted. There the W.N.O. makes much of it.

are suggestions of the classical morbidezza that is too generally missing from the vocal lines here; Bellini's sentiments are calculatedly elegant, and the robust, ringing delivery of the astic Birmingham audience on Friday. Austerely but hand-somely set by Michael Yeargan, the performance boasts lusty singing across the board, with plest orchestral thoughts, but the team of solo voices that he sounds like a man aware that roundly matches the sterling www.N.O. Chorus. All from these islands, too, though it's Italian singing of full-throated character—grounds like a man aware that the opera is long and dramatic the opera is long and dramatic the opera is long and dramatic the operation of the sterling like a man aware that the operation of the sterling in the operation of the oper where the melting line pleads for it, and marches the music firmly onward. The great bass duet "suoni la tromba" lost its

poignant undercurrent thereby, decently stirring though it was. Dennis O'Neill, the Arturo, is splendidly equipped for project-ing Italianate electricity—right up to his brave D-flat -- with minimum recourse to added sobs, and in sempulously etched phrasing; he would be a godsend to any British company. No less satisfying is Henry Newman's Riccardo, addressing holds the attention, and Bellini's music would do that

Wigmore Hall

Graziella Sciutti

by MAX LOPPERT

soprano's first in London; doubtless there will be the spark of eloquence in the many more. In thi scountry at voice, but the soprano's unleast. Mis Sciutti's career has quenchable appetite for words. recently been taken up more before the concert began, there sense, and the whole promay have been fears on the gramme lived. Mozart songs, question of her ability to sus-tain a whole programme, even if Mary Stuart songs, Poulenc's the powers of communication Courte Paille (after the inter-(for any who saw her on the val, when the tone was flowing Glyndebourne or Covent Gerden even more fully, and finally a

of frail substance, can com- -I can hardly remember a mand now little sheer lung- more rewarding encounter with power, and high notes have to a singer (and Miss Sciutti's be carefully taken; but within a succinct introductons in range, vocal and dynamic, excellent English to her songs precisely prescribed and completed rather than dulled, adhered to, the singing was an those rewards. As always in abiding delight—warm, well—the company of a major artist, controlled of line, suffused Geoffrey Parsons' pianistic with colour and sentient sympathies were as wide as they musicianship, and surprisingly were unobtrusively placed. able (for so famous an exponent of soubrette roles) to command

the darker vocal shades. Miss Sciutti opened with Monteverdi, La Musica's monologue (from Orfeo and then logue (from Orfeo and then Arianna's Lament: if subsequently she had not displayed rock and pop group Status Quo such supreme polish in singing at the National Exhibition
German and French (and briefly, in the second of Ravel's May 14, which will be a Charity two Jewish Songs, in Yiddish, show in ald of the Prince's we might have deemed it a Trust.

Friday's triumphant song hardship that she did not plan recital was, I believe, this a whole programme in her exquisitely cultivated and symconcert revealed was not just Every one of them, all even-ing, gave both pleasure and

taking that I Puritani is a most

stage) could never be in doubt. Rossini Reguta veneziana that They were set entirely at was a miracle of high-spirited rest. The voice, always made but disciplined communication

Prince Charles and Status Ouo

The Prince of Wales is to

Palace, Manchester

Manon Lescaut, Dream-by-MAX LOPPERT

the Opera North choice of Puccini's Monon Lescout as its latest new production loomed ever more implacably during Thursday's performance: why do the opera at all, if its leading soprano and tenor roles have to be assigned, and then far from suitably assigned, to

guests?

gloriously untrammelled lyrical outpouring captured in an imperfectly shaped theatrical vessel, depends above all on the capabilities of its lovers, and here they were an unlikely couple. Arlene Saunders is performer of attractively frank, outgoing personality, of a kind that sat uncomfortably on the first two acts of the title role; her voice lacked colour and ailure. Benito Maresca, a decent but hardly stylish Brazliian tenor, tightened, so that by the end of the Le Havre waterfront pleadings the re-quired impassioned climaxes were unavailable. Neither looked the part — undergoing the ministrations of the ward-robe before her mirror, Miss Saunders was a Marschallin to the eye, not remotely Puccini's

teenager. The evening was not without its positive features. Christian du Plessis' elegantly cynical Lescaut (Puccini and the Italian language always bring out the best in this player), Thomas Lawlor's unexaggerated Geronte, the youthful, high-spirited involvement of the

Opera North chorus in the irritatingly facetious routines con-trived for their first act by producer Christopher Renshaw (Do people ever leap up on chairs and tables, in real life? Do they ever not do so, in productions of this ilk?) Lloyd-Jones's conducting had vigour, if not much long-lined lyricism. But the total effect of the performance, sung or the performance, sung (except by the tenor) in unpersuasive Italian and given in Bruno Santini's dull sets, was provincial in a way one imagined this company was incapable of being.

Happily, Britten's Midsummer Night's Dream had the The opera, a flood of

previous evening supplied the opposite impression. Ian Watt-Smith's Renaissance-flavoured production, borrowed from the Welsh National, I admired when new, in January 1978; at the Palace, even if its elaborate lighting schemes, which originally sent a shiver of magic across the stage, seemed to have been diluted, viduality were securely con-

theatre, that of the three operas in the Opera North season — Nabucco and Manon Lescaut the other two—it was the one with the "smallest" orchestration that carried the most potent charge. Elgar Howarth's expertly judged conducting had obviously much to do with this; and though in the beginning the words of boys, (Kevin Smith)



a delightfully intimate atmosphere, a company stamp. No Tytania (Nan Christie) were serious weaknesses in the cast; their roles lost for a longish stretch, the and, in the case of Fiona singling out.

integrity of Petipa's inventions:

which best illuminates the

essential harmony of the role.

Miss Chadwick's cavalier was

pretation.

evening as a whole manifested Kimm's Hermia and Wade's Flute, an admirably fresh and original account of serious weaknesses in the cast; their roles that demands

Covent Garden

The Sleeping Beauty by CLEMENT CRISP

wise the public at the Opera of the mean account of The Sleeping Beauty by the orchestra under Emmanuel

Young.
That Beauty in this present version declines after Act 1 into spatch-cocked muddle, wherein the score and the dances are crammed together as if to keep out the intrusive genius of Petipa and Chaikovsky, is a matter I have previously mentioned at what may seem excessive length. There is no cause to rehearse yet again the fact that respect for formal structure, a space in which to flower, are needed for both music and choreography. But it is inadmissible that, at Saturday's matinée, the music should be hustled along-especially in the prologue and first act—as if loitering with intent to commit an act of artistry could be prevented by unseemly speed coarse intonation, weedy tone.
All the more lamentable was

the fact that this was Fiona Chadwick's début as Aurora. So young an artist at least needs Chaikovsky's support—unwise to hope for "inspirations" from the musical standards obtaining at classic ballet performances at Covent Garden-when embarking on this most taxing and exposed role. In the event it seemed as if she were faced with an additional burdle to overcome, and her interpretation is best considered a dress rehearsal for the first performance which I hope she will soon

receive.
Miss Chadwick's dance style is one of exultant youth and dynamic power. Her baptism as the Firebird last season produced an indelfble impression worth re-hearing. She evens fashion."

Royal Ballet artists are was touching in its portrayal of ance, and experience will help well-balanced programme of "musical" — sensitive and Duncan's physical impetuosity; her to comprehend the classic Les Sylphides and two recent obedient to the tempi and her recent Shade in La manner of the scores to which Bayadère, her School perform-they dance. The Royal Ballet's ance in Les Sylphides, revealed audience would not seem to be an attractive lightness as well similarly discriminating, other as bravura. Like Nadia Nerina, she reminds us that Aurora's House on Saturday afternoon initial entrance can resemble a should have been less tolerant brilliant sunrise, and there was brilliant sunrise, and there was a warm radiance to her account of the first act dances, with no technical uncertainties other

> at a début. As the vision, as the bride, her dancing was assured, requires expansive tempi so that her generosity of manner is not blighted, as it seemed to

than those due to nervousness

Deane; among the fairies, Nicola Roberts brought the right attack to the "finger" though inevitably she has yet variation, and as Red Riding to discover Aurora's identity Hood's wolf, Simon Horrill through the choreography. She made a lot of merry sense of both character and dance.

On Friday night in Oxford, be by the Carabosse-curse of I saw Festival Ballet at the

King's Head

Funny Turns

by ANTONY THORNCROFT

dining theatre in Islington. It is no comfort for feminists.
is ideal post-prandial entertainVictoria Wood is now broadenis ideal post-prandial entertain- Victoria Wood is now broaden-ment. For the first half The ing her range, with death and her piano. The songs may be familiar

and dispassionate view of the world, and especially the foibles

For four weeks Victoria Wood the score with one of her best and her husband The Great songs, "I've had it up to here Soprendo are entertaining at this with men," but in the main there

Great Soprendo, the ebuilient childhood among her subjects. Spanish illusionist who, with a She remains, however, the matter of the magic words "Olé, queen of the one-liners, dousing Placido Domingo," can do London with a stream of miraculous things with eggs, northern common sense and rings and newspapers, concentrates on humour and consistent servative angle. Lines like
character acting as much as "Don't worry about being
sleight of hand. After the mugged when leaving the
interval we have Miss Wood and likely to be subsidised," are fighting talk in Islington. All now that she waxes as a tele-tremendous fun and just one vision star but her perceptive drawback—the seating arrangements. As Victoria Wood says

It is a received idea that of tireless energy; her Isadora Saturday's musical perform- Appollo Theatre presenting a

it is an appreciation of Storm is a version of academic rectitude, rather than Ostrovsky's play, to an arrange-extravagance of line and a ment of varied Shostakovich certain brusqueness in phrasing, scores, including the incidental music for the 1964 film of Hamlet, the incidental music to But there is potential here for The Gadfly, and extracts from a lustrous, grand-scale inter- the early ballet, The Bright Stream. This provincial tragedy of

works by André Prokovsky. The

a stranger, Boris, during her husband's absence and finally commits suicide, is told in a direct, almost simplistic choreographic manner: it is notable for Patricia Ruanne's intense emotionalism as the tragic heroine. Verdi Variations is what its title suggests: a plot-

less divertissement - one of those "chandelier ballets" in to rub her face in the dust, bright technique and brights. "find out what I've been living bright technique and brighter for in this country." They are smiles—set to music from three waiting for the last bus to Verdi operas.

Andria Hall in it; she dances with clarity and an absence of fuss which is very attractive, and she also shone as the second female lead in The second female second female lead in The second female second femal Storm, and in Les Sylphides. In this the Festival Ballet artists crucial book of the century, and looked fine, respecting those the latest attempt to come to qualities that Alicia Markova has instilled into the production sensitivity to atmosphere, opening concerts by the Sydney style and music. Rare virtues Symphony Orchestra. Richard in ballet today.

Adelaide Festival—3

Australian heroes

by MICHAEL COVENEY

Throughout the festival I is due for production next year chaired a series of forums in but he previewed the event with Elder Park with artists discussing their work and Adelaide experience. George Melly, who Meale protegé, Grzeme Koehne breezed into town for a one- (b.1956), was also reprenight stand in the old town hall, sented with two beautifully spoke brilliantly about the orchestrated pieces, Rain Forest Edward Hopper exhibition; and Riverrun, an exotic jeu Ekkehard Schall talked about romantic mood in Australian Brechtian acting, having demonstrated his own demonic skill, like that of a demented puppet, in two late-night shows; Elisabeth Söderström said that on widely thought to be the first seeing Brian Thomson's planned centrepiece of the 1984 monolithically-scaled, high-tech Adelaide Festival under the design for The Makropulos artistic directorship of Elijah Affair she felt she should come Moshinsky). out and give a rousing chorus of "Don't Cry for Me, Australasia"; and Jim Sharman, the man responsible for the festiwas taken over by Jonathan
Taylor in 1976, but their new
work, While We Watched. val, illuminated his decision to although performed by a young return to his home country by and attractive company, was discussing the challenge to all abstract modern ballet at its Australians in the arts of a most infuriating. The score was comparatively new civilisation a bing-boing plink-plonk collage deposited in pockets around an by Ray Cook (an Adelaide boy age-old continent.

State Theatre Company of ripple effect through the South Australia, renamed Lighthouse. As a director, he has of eards, or a set of dominoes, done much in recent years to collapse. And fast movement save Patrick White's reputation in shifting spotlights was additionally executed with grace. as a dramatist and the opening Lighthouse production, seen during the Festival, was of White's new play, Signal Driver. Over the past three decades, White in his novels has single-handedly tackled the Australian studies and precision. But the show was about nothing at all, absolutely nothing. I met Patrick White on my first day in town, an awkward, studies a studies of the show was about nothing. handedly tackled the Australian stratering episode that neither experience that is of increasing side enjoyed. Another national importance to Sharman and many young playwrights. This has nothing to do with nationalism; rather an aware-

This is the theme of Signal mother and his whips went down Driver, directed by Neil Arm-well with the local audience, and field and beautifully acted and designed. A married couple. Ivy and Theo Vokes, relive their life together in an old bus shelter on a main road leading into Sydney. Their roles are complemented and commented upon by a couple of Beckettian that, although reports of Graintramps who rise from the rubble to interrupt the action with vaudeville songs and disparaging remarks.

As a device, this seemed to me to be slightly under-energised, but the production the elegant, attentive Derek Kataya, who falls in love with compensates, rescuing the style from total absurdity. Children, adultery (Ivy, says Theo, had 'em all, "the Yanks and the Poms, the Poms and the Yanks, and the big Fijian"), the loss of Faith, the inexorability of Time are themes discussed in manner cleverly mixing domestic strife and large-scale concern. Ivy, at the end, wants nowhere, the Bourke connec-It calls for, but did not tion. The tram lines over the livery receive, dancing of set and auditorium buzz with theme of coming to terms always receive, dancing of set and auditorium buzz with extreme gloss. I admired static, the buses zoom by, the

White's Voss (1957) remains terms with in in other art forms was launched in one of the Symphony Orchestra. Richard Meale's (b.1952) full-scale opera

Arts Council support for ABSA

The Arts Council has warmly new appointment, the Council by the Australian Youth Orchwelcomed the Association of the Business Sponsorship of the Arts' (ABSA) recent appointment, the Council by the Australian Youth Orchestras conducted by Mark Elder.

This must be one of the finest youth orchestras in the world and their maturity and Arts' (ABSA) recent appoint cost of \$1,000 per year.

In 1979/80 the Council acted and their maturity and as a channel for a government astonishing musicianship was a provide an advisory service for hitherto contributed to the all, you could see they were arts organisations seeking Association out of its own having a ball. And so, it sponsorship, In the light of this grant-in-aid.

account of the garden scene between Laura and Voss. A music with sustained quotations from Ravel's Daphnis and Chloc and Wagner's Tristan (which opera, incidentally, is

well known in London as our Sharman does not flee outstanding musical director in Adelaide after the festival. He the West End). There were now takes up a three-year con-tract as artistic director of the niques, notably a sustained

hero, Percy Grainger, who died in 1961, was celebrated in Rob George's Percy and Rose, a trite biographical affair not without ness of every-day life in the a curious charm—rather like an context of a vast and intract- off-colour seaside rep production. Percy's attachment to his there was an old-fushioned but interesting performance by eccentric. Only one thing worse than a play about Percy Grainger: a concert of music by Percy Grainger, so I spared myself

ger's piano roll of the Greig concerto played against a live symphony orchestra suggested I had missed one of the more amusing necrophiliae exercises on the programme. Elsewhere, the Comic Strip

led by Alexei Sayle had a mixed reception in an unsuitable venue; Circus Oz was the most unanimously received show all feminist theatre fortnight: kicked in Desert Flambé, a somewhat meandering camp cabaret from the Nimrod in Sydney; and a competent production of Sam Shepard's Buried Child from the against a rural Ellipois backwith a cruel and unchanging

in the Festival Theatre was a tingling, irresistible performance of Berlioz's The Damnation of Faust with the ENO's principal tenor, John Treleaven, singing Faust for the first time in French. This was a mellifluous, heartstopping interpretation, with top class support from Sarah Walker as Marguérite and Bruce Martin as Méphis-tophélès. But the sustained, infectious excitement of the evening was really generated

followed, did we.

Finally, the closing concert

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1 Follows human drudge (8) 5 Way out African beheaded

9 Conscious sound (8) 10 It is inactive—drop it, maybe (6) 11 Clothes conflict with doctor

getting honour (3) -12 Barely rush about with coloured band (6)

4 Sounds that need stopping 18 Standard Shakespearean fool (10)

22 Captured a race in distress 23 Way to have egg on fish (8)

24 Split a fresh hair style (6) 25 For poetry that is unreasonable (8) 26 One whose interest it granted by letter (6)

27 Mere eccentric chap coming out (8)

DOWN

1 Dunderhead has one broadcast to repudiate (6). 2 Classes given information on historic period (6)

3 Letter machine ought to produce coffee! (6) 4 Consult - without - hurrying

6 Pleasant diversion in which 20 German description of Engone is early (4, 4) 7 Two points papers ought to 21 Set on camping (6) give coffee (8)

3 Team to thrill associate (8) 13 Leading master to disrupt

prevailing trend (4, 6) 15 Refuse to change attitude to

19 Club motorist (6)

Irishman (5, 3) 16 Quaint RA to produce poetry 17 Aren't the switches to give prize puzzle will be published warning? (8)

The solution to last Saturday's with names of winners next Seturday.

land (6)

FINANCIAL TIMES

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Monday March 29 1982

Central banks as investors

time to reach a broad consensus tries have been diversifying about levels of a few key ex- their reserves into non-dollar change rates that are not currencies during the past five acceptable — that are plainly years.

disruptive of mutal objectives. The words of Mr Paul Voicker, Portfolios now chairman of the U.S. Federal Reserve Board—uttered in 1978 during a lecture in which he called for "quiet mutual contingency planning" by lead-ing central banks in order to resist currency instability-have since acquired a somewhat

Intervened -

During the past two years of extreme currency fluctuations most central banks have more or less given up the effort of trying to quell foreign exchange unrest through intervention

The cue has come from the .U.S. itself-which last intervened on the currency markets a year ago, in the aftermath of the assination attempt on Presi-

dent Reagan. That is not to say that central banks have closed down their foreign exchange dealing rooms. Moving away from the battle control currency markets

that have become, in many cases, too big and powerful for them to handle, some central banks from the industrial nations have started to imitate private sector operators by spreading their currency reserves around in the most profitable assets. Others use the exchange markets to operate

monetary policy at home—a different kind of stabilisation. It is well known that many developing nations, both within and outside the Organisation of Petroleum Exporting Countries, have become active, profitoriented investors on world money markets. The trend todiversification of currency holdings away from the dollar started after the first oil shock of 1973. It has continued even during the U.S. currency's

"IT SHOULD be possible over several leading Western coun-

In general, the changing nature of central bank currency management is to be welcomed The increased reserve roles of the D-mark and ven are in line with the reality of a world which is no longer entirely dependent on the dollar. In many instances, move-

ments of reserves into nondollar currencies can be for entirely valid reasons. Central hanks may need to acquire mixed portfolios of currencies to match their governments' non-dollar borrowings on foreign capital markets, or to take account of the diversified pattern of international trade. If their investment policies reflect real trends, they are likely to help long-term stability.

A note of caution however needs to be sounded in the cases where central banks and government agencies—mostly in the Third World—clearly give priority to aggressive pursuit of short term profits in the deployment of reserves. As the Group of Thirty study noted, that can help to exacerbate exchange market unrest. But the most potent currency speculators these days are probably the big international corporations, not official holders—especially now that Opec reserves are on the

With widespread currency diversification now established a more open approach to the subject by leading central banks would be helpful. Central banks from the industrial countries should take steps to show that prudence and the profit motive in the management of reserves are by no means mutually exclusive.

The Bank of England-which remarkable strength during the appears to have been a trendsetter in diversification among Western central banks during is the extent to which industrial the past few years—might care countries have joined the trend. to take a new lead by revealing. A study published last week by with the Treasury's consent, the the New York-based Group of no doubt thoroughly sensible Thirty research panel which criteria according to which it includes a number of senior invests. Britain's reserves:

Threat of a new arms race

THE LATEST U.S. allegations Britain shy away from the of Soviet-inspired use of suggestion that they might chemical weapons in Afghanistan and South East Asia are deeply disturbing. The report presented to Congress by Mr Alexander Haig, the Secretary of State, leaves little doubt that Moscow has a serious case to answer. It serves to underline the horrors of chemical war-- dubbed by one of its originators as a "higher form of killing." More important, it highlights the danger that East and West could make the same mistakes as they have in the nuclear field.

For the United States is now about to start manufacture of chemical weapons after a lapse of 13 years. Its argument is that it wishes to negotiate a position of strength, but it is now, before western manufacture has started and a new arms race begun, that the emphasis needs to be put on breathing life into the stalled Geneva talks on a chemical

First use

The West's arguments in this field are strong. First, its stocks are far less than those of the Soviet Union. Western. estimates of Russian stocks of nerve gases and such weapons total up to 350,000 tons, whereas the West's holdings are approximately 60,000 tons. Some countries such as Britain have made a point of destroying their stocks.

Second, the Soviet Union has up to 100,000 troops trained and equipped for chemical warfare, a far greater number than Nato has ready to reply to any first use of chemical weapons. Finally, the Soviet Union now has 14 factories making chemical weapons whereas the West though it has the expertise, has mone; the new U.S. unit, at its old chemical

germ warfare centre at Pine Bluff, Arkansas, will only come on stream in 1984.

The peculiarly unpleasant of chemical weapons advisers had to press their governments hard to agree that the West's apparent interiority in this field required a military response. For long the emphasis was on protective measures rather than matching presumed Soviet capabilities. Now the U.S. has decided to so ahead with manufacture, but has to accept that sensitivity over the issue remains. Countries like rather than another arms race.

become a storage point for the " binary weapon to be produced at Pine Bluff—a weapon using two gases which are relatively safe until mixed.

And West Germany, on whose territory the weapons are most likely to be used, has not tested public response to the points it makes in private—that binary gases are safer to store than the up to 10,000 tons of ageing nerve gas now kept on its soil and that public concern is small compared with the fuss over the planned deployment of Cruise and Pershing missiles.

Deadlock

However, there is the second "track" of U.S. policy which is to emphasise support for a treaty banning the production, stockpiling and use of chemical weapons. The background for this is that at present the major-countries accept the 1925 Geneva protocol on such weapons, but usually interpret it only to forbid first use of them. In 1972 a decade of effort led to acceptance of a convention banning all biological warfare. Attempts to reach a parallel treaty in the chemical field have so far failed.

The present sticking point is the West's insistence that any treaty should include the mechanisms necessary to make sure it is observed. The biological warfare convention lacks such provisions, an omis-sion underlined when the Soviet Union refused to allow investigation of claims that up to 1,000 people died from pulmonary anthrax after an explosion at a military research centre in Sverdlovsk in April 1979. Britain has recently presented proposals designed to break the deadlock over this need for verification; West Germany is also

working on the issue. There have recently been some first hints that the Soviet Union might be prepared to budge on its refusal to allow inspection of its facilities, but Moscow remains sceptical over the motives behind the latest that Nato military U.S. allegations. It claims these represent a pretext for chemical re-armanent.

The deadlock is depressingly reminiscent of the argument about nuclear weapons. The U.S. is right to have drawn attention to Soviet use of chemical weapons. But its allies will be anxious that these revelations boost the cause of an effective chemical weapons ban

NIGERIA'S ECONOMY

The oil glut takes its toll

By Quentin Peel, Africa Editor

THE HARSH ECONOMIC REALITY

TIGERIA, Africa's oil giant, found itself at the heart of a battle this weekend which it is decidedly ill-equipped to fight. The battle is for control of the international oil market. It

will determine the immediate and medium-term level of oil prices, and the relative strength of the producers of the Organisation of Petroleum Exporting Countries (Opec) on the one hand, and the international oil companies on the

When Saudi Arabia decided late last week to challenge the international oil companies for cutting back their purchases from Nigeria, the battle lines were drawn. The question is now whether the Saudis, backed with varying capabilities by the rest of Opec, have sufficient muscle to force the oil companies to buy Nigerian crude at the Opec price—\$4.50 a barrel above the price of comparable North Sea oil.

The struggle in the oil market, and the economic crisis it has precipitated in Nigeria, have been a long time coming. In the end, they both came to a head with remarkable speed and violence.

On Monday, one week ago, all was still deceptively calm. Nigeria's top oil officials, led by Mallam Yahaya Dikko, oil adviser to the President, were on their way home from the Opec meeting in Vienna, bearing a message of encourage-

Saudi Arabia was prepared to full force of the international take the brunt of any further assault on the oil market, they maintain its commitment to the said, by cutting its production to preserve the agreed price structure. In addition, the Saudis had agreed, along with Kuwait and Abu Dhabi, to raise a substantial loan—said to be \$1bn—to support Nigeria's foreign reserves if they still came under pressure.

Then on Tuesday, came the Bank sent out a remarkable first bocmbshell: the Central series of instructions to all the commercial banks in Lagos, telling them not to issue any more letters of credit for imports, or process any more foreign exchange applications, until further notice. The ostensible reason was for the Central Bank to assess its outstanding foreign commitments: clearly, some tough import controls were in

the offing. On Wednesday, oil company officials disclosed that Nigeria's production had crude oil meeting: down by aimost half, too.
The battle for the oil mar-630,000, in five days. That meant that whatever fears the Central its outcome is by no means cer-Bank had entertained about the tain. Prices could fall to the balance of payments could only level of \$28 to \$31 a barrel get worse barring a dramatic assumed by the present price of turnround in the oil market.

On Thursday, a senior direccould end the oil glut by ruthtor of the Central Bank conlessly cutting back its own profirmed that the country's duction, foreign exchange reserves, For N foreign foreign exchange reserves, For Nigeria, however, and for spare parts and raw materials—which stood at more than \$90n the exporters from Britain, about 30 per cent of total im-

a year ago, had dropped to just Europe and the rest of the Org- ports-in addition to manufac- and the civil service. anisation for Economic Cooperation and Development (OECD) who provide more than 75 per cent of its highly lucrative \$22bn annual import market, several that the oil companies were being given an ultimatum to revive Nigerian production, or questions remain: how serious is the latest crisis for the country's long-term economic face retaliatory action in Saudi development? How well can the Nigerian Government cope with it? What are the prospects

图3.3

Oil Exports

Non-Oil Imports

N 9-4bn

\$2.8bn at the end of February
—considerably less than enough

to pay for two months' imports.

the Saudi Government revealed

The story behind last week's

giant is the weakest link in the

Opec chain. The need for the

Nigerian Government to provide

for a population estimated at

80m - almost as much as the

rest of Opec combined, except

for Indonesia - and to finance a

hugely ambitious development

plan, costing some \$125bn over

five years, gives it an absolute

imperative to maintain a high

level of oil production. As in

most of Opec, oil accounts for

more than 90 per cent of export

earnings, and 80 per cent of

The oil buyers hardly need to

consult each other to know that

by staying away from Nigerian crude, they will put well-nigh

irresistable pressures on Lagos

ket has only just begun, and

government revenues.

Arabia.

oil price.

On Friday, sources close to

events is that, for the second for continued profitable trade time in less than a year. Nigeria has had to absorb the and investment? "The difference between this crisis and previous ones," according to one close observer oil glut, as it has sought to in Lagos, "is that Nigeria is Opec cartel, and an unrealistic now at the centre of the storm. It means that the Nigerian That Nigeria is in the front Government is being presented line is scarcely a matter of with information it simply does chance. Everyone in the oil innot want to know and is quite dustry knows that Africa's oil

unprepared to deal with. They are bemused." That unpalatable information includes the slump in oil production, while imports have continued to roar ahead, and the steady drop in foreign reserves, while foreign borrowing has equally inexorably increased.

What are most difficult to stomach are the implications for the development plan, for Nigeria's new federal capital being built at Abuja, for the development of its steel industry, and for the construc-tion of a standard gauge railway. All these problems have been

clearly visible for the past year. for those who cared to see them. According to government officials, imports have been runbring the rest of Opec tumbling ning at an average of \$1.85bn a month for more than a year. while oil revenues have fluctuated wildly between more than \$2.2bn in January last year and no more than \$550m in August.

The budget was intended to North Sea oil; or Saudi Arabia curb the rate of imports: among other measures, it proposed to extend the system of pre-shipment inspection of imports to For Nigeria, however, and for

tured goods. The move was intended both to slow down im- further physical restrictions on ports, and to cut out rampant imports, whose effectiveness is smuggling. However, the budget has not yet been approved by the National Assembly, and its

Oil Production

Foreign Exchange

Reserves.

measures have therefore not been implemented. Hence the need for the drastic administrative action last week by the Central Bank, effectively putting a blanket ban on new import orders (there are at least two months of imports in the pipeline which can still come in) until more specific restrictions are drawn up. Even if oil production recovers from last week's level of

under 700,000 b/d to the 1.3m b/d production quota Nigeria is allowed under the Opec agreement, imports wil have to be cut back sharply to stem the outflow of reserces. At 1.3m b/d, Nigeria would be earning \$1.17bn a month, or almost \$700m less than current imports (at 700,000 b/d the monthly trade deficit is more than \$1.3bn).

The high level of imports has been aggravated by two factors: the granting of import licences as a form of political patronage (especially for such key commodities as rice) in complete contravention of the official policy of restraint; and the overvalued exchange rate of the naira (it trades on the black market at barely half its official value), which makes imports unnaturally competitive with all forms of domestic production, whether agricul-tural or manufactured.

To tackie either of those problems requires political courage, which is likely to be in short supply in pre-election year. Devaluation in particular, although urged by such organisations as the World Bank in order to revitalise Nigerian agriculture, would hit the consuming urban elite who

The alternative is to impose

immediately open to doubt because of the pervasive cor-ruption in the system: "the system leaks like a sieve," as one trader put it. The one ray of light on the economic front is Nigeria's relatively modest level of foreign borrowing: its current

Projected Public

Debt Service

debt-service ratio is around six per cent of export earnings, However, even borrowing has been accelerating in the past year. Syndicated loans totalling some \$3bn were incurred by the public sector in 1981, on top of the \$5bn of debt outstanding at

the end of 1980. According to one estimate. Nigeria's foreign debt will reach some \$15bn by 1985, with an annual debt service cost of \$3bn, compared with the forecast debt service for that year of \$1.6bn made by the World Bank of the basis of borrowing up to 1980.

There is growing concern among top government officials at the level of foreign borrowing by the 19 state governments -albeit with federal government guarantees. Professor Emmanuel Edozien, the economic adviser to the President, admits that there is a lack of co-ordination over the maturity of state borrowing, which could lead to excessive bunching in repayments. "The situation where you have virtually 20 governments going about in the international markets borrowing is not calculated to give us the best available terms," he said recently. "We are trying to introduce a proper streamlining of borrowing."

The individual state governments, who provide a significant source of new business for British and other exporters, are almost without exception in dire financial straits. Their federal government grants are almost dominate the political scene entirely absorbed in current more acute.

expenditure, paying the wage bills of school teachers and civil servants, and they depend totally on foreign borrowing for capital projects. But they all face the same need to seek reelection in 1983 as the federal government, and therefore the same incentive to keep up their

spending. Cutting back public spending whether by federal or state governments, would have a swift effect on overall economic activity, and the level of imports, because it is by far the largest source of direct investment. But so far the Government has refused to specify particular euts or delays in its capital pro-

Although President Shagari is widely considered the favourite to be re-elected next year, he now faces a concerted challenge from the opposition parties, which have formed the so-called Progressive Alliance. Between them, the four parties in the alliance control 12 states, against the seven held by the ruling National Party of Nigeria

In order to retain power. President Shagari must win most, if not all, of the marginal states, such as Bendel, Rivers State and Plateau: in terms of Nigerian politics that will require continued heavy federal spending in those areas.

The other factor which compounds the problem of taking corrective action to slow down the economy is sheer administrative inefficiency, compounded by petty corruption at many levels of the bureaucracy.

Exporters to Nigeria face a time of considerable uncertainty, with the likelihood of fairly drastic import restrictions being introduced by the end of April, but no certainty that they will then be effectively policed Although on balance Presi-

dent Shagari must still be favourize to win next year's election, there is the prospect of political changes in a number of state governments and therefore changing the priority of projects in the pipeline.

Even if the government does not spell it out, a drastic squeeze on oil revenues must mean delays in major capital projects in the development plan, or downgrading of projects to a more modest size. Senior officials admit that a period of relative austerity would be beneficial for the economy, which has expanded too rapidly, for too long, "Last year's oil glut was a satutary experience." Professor Edozien said before the latest crisis. It said before the latest crisis. " It enabled us to cut off a lot of fat in government."

Companies which operated in Nigeria for years tend to believe they have seen it all before: as the bankers say, it is an immediate cash flow problem, rather than a fundamental debt problem, that faces the country. But without corrective action, there is a danger that each cash flow crisis will before progressively

Men & Matters

Postmen knocked Those awfully nice people at the Confederation of British

Industry occasionally get cross. They have been known to be rude to the trade unions. Was it not Sir Terence Beckett himself, the director general, who once squared up to Mrs Thatcher's government threatening a bare-knuckle fight?

Such lapses from good de-portment are mercifully rare. Now the CBI is in battle once again, fists flailing. Its unlikely opponent is the West German post office—the Deutche Bundespost—and the aggro is over parcel rates.

The Bundespost will send a 10 kilo parcel from West Germany to, say, South Africa at surface rates for just £4.25.
A similar parcel, sent from England by the Post Office will cost you a swingeing £17.25. "Yet its true" says a Post Office official without a hint of shame. We made nearly £30m profit last year while Bundespost lost £523m which had to be made up by the West German Government The CBI sees the wide gap in parcel rates as a threat to



British exports and has asked its members to support action to CBI can hardly ask the British Government to subsidise the state-owned Post Office can it? Avoiding that doctrinal banana skin the CBI is instead attacking the Bundespost for being so highly subsidised. /

At this point in the contest the CBI has led with a left and a right. An interpretation of the rules of the Universal Postal Union (which is supposed to see fair play for international postal charges) has been followed by an attempted knock-out with Article 113 of the Treaty of Rome (which deals common commercial policies in the EEC).
West Germany is reported calm and World War Three is not thought imminent.

After eight The London-based Middle East

news magazine Eight Days closed at the weekend. A creditors' meeting has been set for April 20. Such closures are always sad

for those in publishing, a feeling this column can endorse because the opening of the magazine was chronicled here in June 1979 · At the time the venture looked exciting and likely to

achieve success—its publisher and source of backing was H. E. Mahdi Al Tajir, the ambassador of the United Arab Emirates in London, reputed to be one of the richest men in the world. Since then his place has been

taken by Riyad Shuasbi, a Jordanian who lives in Dubai. It was said that the change occurred because Tajir was embarrassed by some of the articles published.

There proved to be an unbridgeable guif between the aspirations and style of a truly an Arab line on world successful they have been joined the Shuabi has not lost everybut they have been joined the several young Turks eager to several young Turks eager to grapple with the Exchange's

booby prize of £1 last week for the teams scoring the fewest goals. The .now unemployed journalists have sent him his winnings in the hope this act might help future talks on redundancy pay.

Switched on Peter Chamberlain at 39 years

of age has a high reputation as a salesman of business electronics. He is considered rather a prize by his new employers the fledging British Telecom. Under the chairmanship of Sir George Jefferson, British Telecom has moved on from its old Post Office monopoly and six months into its new adventure as a competitive Chamberlain has been hired

to push business products and systems. He says: "We are not just going to sell company switchboards and Telex. We will progressively expand our product range to include all office automation and systems." That suggests he intends British Telecom to compete head-on with his former company Rank Xerox where he worked for 12 years and which is now busy promoting itself as an international purveyor of the elec-

Men of metal

Traumatic times in the tin market in the past year have emphasised that while metals generally are depressed by the recession there is still plenty of action available for pro-fessional punters. That is reflected in the new elections for membership of the management committee that runs the day-to-day policy of the London Metal Exchange

Following the retirement of six members of the 15-man com-mittee (an unprecedented upheaval in the history of the international news magazine LME) there were 20 applicants and the conformity required by seeking election. The standing members have been re-elected but they have been joined by

The tin crisis could flare up again at any time. Mysterious interests thought to be allied to the Eastern producers have aiready backed their hands to the tune of well over £100m. The exchange is also involved in helping to launch the new gold futures market on April

Michael Brown of Lonconex. who experienced a baptism of fire during the tin battle as caretaker chairman, is virtually certain to be confirmed as new committee chairman having managed to cool down the tin market successfully, at least for the moment.
Among the new committee as

an independent member is John Wolff, son of Fred Wolff, a previous chairman of both the LME committee and Rudolf Wolff, a founding company of the exchange. In keeping with changing times Rudolf Wolff has just become a wholly-owned subsidiary of Noranda Mines of Canada after 11 years of that group being in joint ownership with the six original Wolff partners including Fred.

Tied up

Every time I inadvertently refer to Tube Investments by its City nickname of Tubes I am pursued by a posse of public relations men. Am I not aware that the group should be known as TI—and, what is more, has run expensive TV advertising campaigns featuring Ronnie Corbett to prove the point? So I expect the fur to fly with the opening of a brash new campaign to claim the TI label This time it is Trade Indemnity, the credit insurance company,

which is adopting the slogan
"Tie up with TI."
The first ad runs: "Tie up
with TI and you can cover the most threatening of all business risks: credit failure. I hope that TI (Trade In-demnity, that is) is well covered against another business risk -

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The country is growing steadily more prosperous though the gap between North and South shows little sign of narrowing. Industry is progressing in an enormously resilient economy that seems to defy recession.

Moving on to an even keel

By Rupert Cornwell, Rome Correspondent

taining as many figures as employ an average of just words was published in Italy seven people each is proof of just three weeks ago. Yet its how the country's love affair few pages tell more about the with the cottage industry is as real state of this eternally mystifying country than the unend-ing torrent of words unleashed by the newspapers as they fit a disaster one day and its opposite the next, into a consistent

seemingly in the process of shopping street, whether in stabilising: a prime minister Turin or Palermo. Yet the gap who, for all the daily battles for between the advanced, West his government's survival, concern the same than the beautiful the impression of the basic process. getting to grips with some of country, shows little sign of the untackled problems which narrowing, and common crime piled up in years of inertia. Most spectacular of all, beyond doubt, was the release of Gen James Dozier from the clutches of the Red Brigades. Little of this however features

returns of the nationwide census carried out in October 1981. The Italy which emerges is one which, despite the daily hubbub, is growing steadily richer, steadily more mature and more

The big cities in the last ten years have ceased to be magnets

Yet enormous resilience is be placed at October 14 1980 has been a string of weak, for the rural poor. The fact built into the economy. Italy when the march of the 40,000 short-lived, though basically that the country's 950,000 class went into the current recession middle managers and ordinary similar governments—that of

A SLIM, arid document con-sified productive enterprises deep as ever. That Italy is becoming steadily more pros-perous is confirmed by the fact that one Italian family in four now has a second home.

These trends have happened in spite of, rather than because And indeed, there have been of any help from central gov-an unusual number of positive ernment. The growing pros-things to report about Italy in perity is apparent to any casual flourishes without precedent in cities like Naples.

Indecision

By and large, the country's Little of this however features ossified political structure has in the document, the first built indecision and ineffectiveness into the workings of Italy's central authority. Now, as always, individual Italians are fending for themselves, as well they need to since the country is in the grip of a housing crisis which might have dangerous social consequences.



later than most industrialised countries and, if it is lucky, may be one of the first to get out.
After two years of growth
unmatched anywhere in the
EEC, gross domestic product is reckoned to have declined by 1 per cent in 1981. This year, on present guesses, the economy might expand by a slightly larger amount.

True, the external trade deficit, though well down on the record levels reached in early 1981, remains substantial, and unemployment exceeds 2m. But the current account deficit, the most significant measure of Italy's external finances, shrunk to only \$800m in the last quarter of last year, from \$3.2bn in each of the first two quarters.
With small help from the Government—still bogged down in tedious negotiations with the unions-inflation this year may fall to the target of 16 per cent, or even below, compared with a recent peak of more than 21

Best of all for industry, which has been beset by fierce competition and heavy labour costs, is though, managements have been their own. naking their own adjustments

The logiam, of course, is
as indeed they have had to if
Italy is to retain its place in the
first division of advanced indusnolitics since the last war. As

trial nations.

workers demanding the right to Sig Giovanni Spadolini is the work led to the collapse of the five-week strike at Fiat, in pro-test at its plans to lay off 23,000

workers.
The Government is trying to revive the State sector, long a huge drain on the country's resources. Inevitably the process will be slower, but plans are afoot to at least rationalise such sectors as steel, chemicals and telecommunications, as well as reduce Italy's debilitating reliance on imported oil for its energy needs.

Log-jam Enmeshed

with visible private and public industry is an invisible one: the celebrated "submerged economy" which could add 10, 20, even 30 per cent to the total of national wealth—no one really knows. Its size may be deduced only imperfectly from such things as census findings—for example, that between 1971 and 1981, some 2m unregistered (and mostly second) homes were built. What is clear though is that the growth of the parallel the recent slight decline in unofficial economy has been interest rates. Progress will be made inevitable by the log-jam hampered by the need to protect at the centre. If the authorities a chronically weak currency, but could not provide a framework the trend, unmistakeably, is for growth, then a dynamic, downwards. In the meantime energetic people would provide

the mass party of the Left, the The big private companies— Communists, with 30 per cent Pirelli, Olivetti, and most of the national vote, remain disvisiony Flat—have restored their qualified from power despite fortunes, as the tide has turned the near "break" with Mosagainst the unions after a cow over the Polish crisis. decade of unchecked advances. Genuine alternance has been the moment of its turning. impossible; the consequence

41st since 1945. And yet it has important

differences, which suggest that the mould, in Italy too, may be starting to crack. Sig Spadolini, a member of the tiny, centrist Republican Party, is the first non-Christian Democrat premier since Ferruccio Parri, 37 years

His success in forming a government, at a moment when general elections three years early were the stark alternative, was a measure of the stand-off between Christian Democrats and Socialists; the former de-moralised and discredited, but not yet prepared to surrender the prime ministership to Socialist leader Sig Bettino Craxi. The only available compromise was Sig Spadolini. Yet in some respects he has proved

a revelation.

That he has lasted nine months (against the sevenmonth average for this parliament's three previous govern-ments) reflects the real popularity he has achieved-unlike the gloomy Christian Democrats who immediately preceded him. The socialists, sure that the mood in Italy—as in France and Greece last year—is running in their favour, would lone to bring him down and force the country to the polls this sum-mer. The problem is that they have yet to find a convincing

Tarnished

But Spadolini's arrival symbolised something else: that the tarnished image of government itself needed sprucing up, after a series of scandals without precedent in recent history. Certainly, Italian political scan-dals are as much evidence of bitter infighting as of malpractice, but the inconclusive

general election of 1979 had left scope and motive for such in-fighting in abundance and the odour of scandal had become a stench.

Matters came to a head in May 1981, with the eruption of the P-2 freemasons lodge affair. In the best Italian fashion, the revelations about by the otherwise undistinguished Sig Licio Gelli teetered between the sinister and the ridiculous. At its darkest, the lodge was a sort of state within the state, at its most comic a cross between the Grand Orient and Gilbert and Sullivan. But its ramifications were so wide-spread that the previous government of Sig Arnoldo Political Company C Forlani was swept from office, and Sig Spadolini took over at the head of a five-party coali-

The change may be more of style than of substance, but then visible change usually is in Italy, and no less valid for Bathat. Nothing has done more to remind Italians that a state in fact existed, than the arrival as president of Sig Sandro Pertini, despite his 85 years and the scant power of the office. Many would say that the prime ministership, amid the squabbling and sniping most of its holders have to put up with, has little more. Sig Spadolini himself has resilience, patience and a gift for compromise. Beyond that, however, his achievements must be acknow-

ledged. The economy's turn for the better has been to his advantage, as has the speed with which at the outset he removed P-2 members from the upper echelons of the state since Gen Dozier was kid-sicily of 1860: "apparatus (though not of public napped on December 17, almost must change, for ev sector industry). But the most 400 members of the Red remain the same." substantial gains have been in Brigades and their sister are as true today.



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10-year struggle against groups have been rounded Italy's Left-wing terrorists. Only a rash person would state that extremist violence mysteries of the ultra-Right national politics will emerge remain largely intact. But the last? Can the state be more modern and efficient— Left-wing terrorism, which will the centrifugal forces a sprang in the late 1980s from work for so long simply con

Since Gen Dozier was kid- Sicily of 1860: napped on December 17, almost must change, for everything

Will there be elections th two major parties mean that centrist "lay" third force national politics will emerge more modern and efficientsprang in the late 1990s and tinue? It is impossible to imperfections of society, has in Italy, remarked Lampedusa's Prince in 1860: "Every tinue? It is impossible to sa

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Moderate gains on economic front

IN MANY WAYS it was an anti-record 19 per cent, and the climax after the speculation and prime rate to 22.5 per cent. But in the prime lending rate of riving commensurate competitialy's commercial banks, announced at the beginning of pean partners. By May the March, was the first sign of a trade deficit had reached the innew course in the country's tolerable level of 12,872bn for manging and indeed of monetary policy, and indeed of that single month, its overali economic manage-

Many-and above all industrialists staggering under the burden of borrowing costs in the 22 to 27 per cent range for almost a year-were pressing for the cut from the former 22.5 per cent rate to be of two points or more. But, unmistakeably, the action of the banks is evidence that the old pre-occupation of economic policymakers with reducing inflation and putting Italy's external accounts to rights has been joined by an equal concern to protect employment and help the country out of its 18-month-old recession.

That the reduction was no larger than 0.75 per cent is a measure of the extreme delicacy of the moment, as one economic cycle draws to its close and another seems to

The most recent slowdown brought to an end a period of strong expansion which in turn had been founded upon the currency devaluations of 1976 and the subsequent credit squeeze. By 1978, although growth remained sluggish, Italy was able to report its largest-ever payments surplus. The following year was one of the best ever, as the country succeeded in combining a 5 per cent growth rate with another substantial payments surplus, the growth spilled over into 1980, when a 4 per cent advance in Gross Domestic Product enabled Italy to head the EEC expansion league for the second

year running.

By then, however, it had slipped wildly out of phase with the rest of the industrial world. As other advanced economies month, and signs of a slight strongly felt by the Socialists, stood still, markets for Italian pick up in the world economy, who have called insistently for exporters shrank. Importers on coupled with the steep fall in a cut in bank rate as a sign of Source: OECD and IMF the other hand continued to help meet continuing strong domestic demand. Inflation rose to over 20 per cent by the end of the year, while the trade deficit soared to an unprece-dented L18.845bn (\$14.6bn). Italy's overall balance of payments was in the red by L6.388bn.

By spring last year, matters had reached breaking point. At the end of March, the govern-ment devalued the lira by 6 per cent within the European Monetary System (EMS), bank rate rose three points to a

political agitation beforehand, the continuing buoyancy of the out the tiny cut of 0.75 per cent dollar prevented Italy from de-

> As they had done in 1974 and 1976, the authorities were forced to resort to the device (technically illegal within the Common Market) of a 30 per cent import deposit scheme, designed to run until the end of September and subsequently extended. The effects were swift

High interest rates, and a credit squeeze of real ferocity brought money back into the country. A balance of payments deficit of 14,889bn in the first five months of 1981 was turned into a full-year surplus of L1,900bn. Admittedly, last year's current account deficit (arguably the most revealing indicator of Italy's overall financial relations with the rest of the world) exceeded L9,000bn but, according to Dr Carlo Ciampi, governor of the Bank of Italy, it was running at only L1,000bn in the final quarter, compared with L4,000bn in the

ompared with L4,000hn in the leeway to end the import deposit scheme early in February, more than three weeks before its previously-scheduled date of demise. Stritain's former Chancellor. The key question now is just itself to refer to as the "real" Britain's former Chancellor, liked to refer to as the "real есопоту," also showed its astonishing ability to react to changed circumstances. From midsummer exports began to grow more rapidly than imports. Companies ran down to reduce financial while manufacturers stocks charges. switched their attention from an increasingly depressed internal market to abroadhelped, of course, by a second lira devaluation of 3 per cent last autumn.

In recent months the trade deficit has been roughly halved, to little more than LL000bn a

BASIC STATISTICS Area: 301,217 sq km Population: Currency: Lira £=L2,330 GDP 1980: L337,402bn Per capita: **Trade 1980** Exports:

> the price of imported oil (on which the country is 70 per cent dependent for its energy requirements) mean that further improvement is possible.
>
> The inflation rate too is at followed by growth of up to 2 last moving in the right direcper cent this year, suggest that tion. Wholesale price rises have slowed, while the annual advance in consumer prices is now running at 17 per cent or less, compared with a midsummer

peak of over 21 per cent. Nor has that been the only piece of cheering news in the early months of 1982. For the first time in two decades, the cost of petrol in Italy last month was actually cut, to L960 a litre from L995. The improvement in the improvement in the country's external account meanwhile gave the authorities external account

how much additional help the government should give to promote recovery, and brake the rise in unemployment which now exceeds 2m, or more than 9 per cent of the working population. But over this issue, and whether enough economic swallows have arrived to pro-

The reasons are mainly political. Few are the ministers who do not have the possibility of early general elections in the forefront of their minds, and the temptations of vote-catching pump-priming are especially strongly felt by the Socialists, who have called insistently for

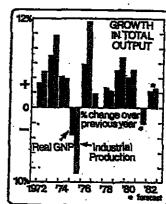
opinions are divided.

the government's intentions.
Others, with Sig Beniamino fired power stations.
Andreatta, the Treasury MinisOtherwise, however, hardwon gains in the fight against inflation, and provoke a new run on the lira within the EMS. Sig Andreatta, indeed, has pointedy referred to the circumstances of 1976, when the setting for three successive lira crises, as the country teetered on the brink of bank-

per cent this year, suggest that this recession will be rather less painful for Italy than its predecessor: in 1975 the economy shrank by 3.7 per cent. Why, it is argued, risk everything by premature reflation, especially when the outlook for other major economies (especially the U.S.) and currencies. (i.e. the dollar) remains so

uncertain? However, the main arguments for caution amount to little more than a depressingly familiar litany of Italy's age-old economic ills, which successive shortlived govern-

ments have failed to tackle.
Only on the energy front can
the Government claim any real
success, with the Januch of a plan to cut Italy's expensive reliance on oil by increasing



the number of nuclear and coal-

Otherwise, however, Sig Giovanni Spadolini, the Prime ter, to the fore, argue that to vanni Spadolini, the Prime act too rashly might destroy the Minister, has little to show for his efforts to control the runaway public spending deficit, and curb labour costs. International observers of the Italian scene have long identified a PSBR of comfortably more than early general elections provided 10 per cent of GDP as a prime cause of Italy's inflation, and proof of how resources are squandered. The Prime Minister ruptcy.

This time things have not ing down the deficit to "only" been so bad. The latest forccasts, that 1981's contraction of GDP) for 1982.

Insatiable

But by mid-March parliament still had not approved this year's Finance Bill, and some believe that a more realistic deficit forecast for this year is nearer L60,000bn. Not only has a chronic state deficit (financed by short-term Government Bills) kept inflation high, but it has heavily penalised industry by "squeezing out" the corpo-rate sector from credit markets, by its insatiable appetite for

Much the same goes for labour costs. For more than six months Sig Spadolini has been battling to persuade industry and unions to come up with an agreed programme to bring inflation to less than 16 per cent this year and to reduce the impact of wage indexation. This price target may well be met, but with little thanks to the

Chances of a meaningful agreement look remote, and the prospects for the economy are less likely to be conditioned by policy moves of a squabbling government than by the outcome of this year's wage contract renewal talks between management and unions in several key sectors. Rarely have the employers, sensing that the tide is running their way, looked readier to take unl-lateral action to achieve their

Rupert Cornwell

Discreet foreign policy reflects restraints of coalition rule

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A FORTNIGHT ago, a wooden-hulled minesweeper of the Italian Navy, on its way to Egypt from the naval base at La Speizia, was ordered to put into port at Messina, in Sicily. The reason was that its mission to join the multi-national observer force in Smai after the Israeli withdrawal—had not been approved by Parliament. So the ship had to stay at Messina until the appropriate committee met and approved

The incident is a good illustration of why Italy cannot have a forceful foreign policy. In this case, the Communist Party was determined to use the considerable powers of Parliament to challenge Italian participation in the Sinai force. More broadly, it reflects the basic tension in Italian politics between membership of Nato, on the one hand, and the existence of the largest Communist Party outside the Eastern bloc, on the other.

Italy's decision to participate in the Sine force however.

her sailing a few days ago.

in the Sinai force, however, with the contribution of three minesweepers to patrol the Sharm el Sheikh area, is an indication of the more active foreign policy that it has been pursuing in the past two years, under Sig Emilio Colombo, a former Prime Minister and one of the most experienced men in the Italian Government. Italy has accepted the installation of Cruise and Pershing missiles (in Sicily) under U.S. control, as part of the twintrack negotiation/modernisation formula, with less fuss and internal opposition than any other country except Britain.

In 1980 Italy guaranteed the neutrality of Malta when the island quarrelled with its former protector, Libya, and is taking a more active role in Mediterranean defence. This is partly as a consequence of the transfer of part of the U.S. Sixth Fleet to the Indian Ocean. It sees itself as a potential peacemaker in the Horn of

In the EEC, Sig Colombo last year promoted the idea of a European Act, a re-dedication year, in Washington, he called for a form of declaration by the European countries and the U.S. in which they would state the principles guiding their relationship, in the hope of reducing mutual tensions and misunderstandings.

Italian foreign policy is, however, normally conducted with the utmost discretion; clear public statements are greatly outnumbered by elliptical or very general ones. One reason with the Soviet Union is that domestic politics impinge very strongly on the conduct of foreign policy. The leaders of the coalition parties are normally consulted before a Libyan involvement in Italian

formed as any other ministry on Italian internal politics.

An example of this is the Government's "pause for reflection" on whether or not to take gas from the planned Siberian pipeline. The "pause" has been in force since Christmas, partly as a response to the clamp-down in Poland, and to U.S. requests not to go ahead, but mainly because two of the five coalition parties broadly oppose a deal, mainly in order to distance themselves from the Communists, who favour one.

The other reason is that Italy, despite its strategic position in the Mediterranean, is militarily weak. It spends almost as little on defence as a proportion of GNP as countries like Canada and Luxembourg, and its armed forces are, in general, meagrely equipped. This in itself reflects the same political constraints that bind foreign policy.

Contribution

Despite these weaknesses, Italy is anxious to secure recognition for what it does contribute to the Western alliance—notably the theatre nuclear force modernisation — and as the world's sixth largest industrial power. Apart from wanting a greater share of the central funds that Nato has available for development of defence infrastructure, Italy desires a guaranteed seat at the top table Normally it gets it, but when it does not, wounded Italian pride

is paraded.

The most effective part of Italian foreign policy is, however, rarely conducted at the top table (though Italian mediation skills should not be underestimated: witness the now expiring deal which Sig Colombo put together in 1980 on Britain's contributions to the EEC), but in its quiet pro-motion of Italian interests, primarily commercial, around the world, and in the sleight of hand that enables it to reconcile any contradictions this may

involve. Italy's membership of the of the Community countries to EEC is generally a rewarding the goal of unity. Earlier this one, based on Rome's oftenunciated principle that there should be "convergence" between the richer and the lessrich members of the Community. Playing by the EEC's rules, and exhibiting not a flicker of doubt about the value of the Community, Italy has been a big and consistent gainer. Italy is a more com-plaisantly pro-American mem-ber of Nato than other major

with the Soviet Union.
In the Mediterranean, Italy move is made, and it is no terrorism and the occasional coincidence that the Ministry of alarm about Libya's military Foreign Affairs is as well intributed in no small part. In the Middle East, Italy has a large arms contract with Iraq, while maintaining probably the least bad relations of any EEC country with Iran.

It is a formula for survival in the modern world. But, in purely military terms, Italy's survival power is a little less certain. After years of financial neglect of the armed forces, a badly needed re-equipment pro-gramme has had to be severely trimmed, in order just to give the personnel a pay rise that is reckoned to be the minimum required to keep the best men.

Italian defence spending should be L10.300bn (\$8.5bn) this year, a 37 per cent increase on the sum budgeted for 1981 —itself a 32 per cent increase on the year before. But the figures show the meaninglessness of Nato's target of a 3 per cent annual increase in real defence spending.

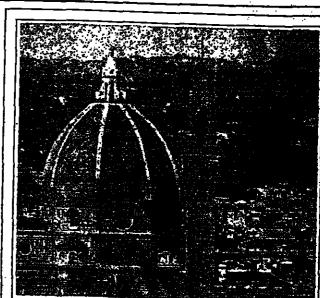
Even allowing for inflationjust under 20 per cent last year
—Italian defence spending may be rising barely as fast as the cost of military equipment, and anyway Italy is starting from a very low base. Defence spending accounts for less than 2 per cent of GDP and the share of Government spending devoted to defence has gone down from 11.4 per cent in 1973 to 4 per cent in 1981.

Despite the recent doubling (to a still miserable L2,000. a day) of the pay of conscripts, manpower is probably the Italian forces' greatest weakness. Some 65 per cent of the 366,000 men in the forces are national servicemen, doing only 12 months service (the 18 months in the Navy is being reduced to 12 months). In the Army only 18 per cent of the 255,000 men are regulars.

The forces appear to have come relatively unscathed out of the P2 masonic lodge scandal last year, though their public image must have suffered. Some 197 senior officers had to resign for all ged membership of the lodge, though it was decided that only some members had done anything wrong. Those who left included the Chief of Staff, Admiral Giovanni Torrisi, the Commanders of the Army Navy, Carabmieri and of the two secret services.

Sig Lelio Lagorio, the Social ist Minister of Defence, chose the new men in consultation only with Sig Giovanni Spadolini, the Prime Minister, and Sig Sandro Pertini, the President of th dent, rather than allowing the political parties to haggle over the nominations. In that respect the forces may now be on a

James Buxton



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ITALY III

Spadolini brings the novelty of effective government

in recent weeks, has been spent mediating between his fractious

difficult it becomes to justify removing from office a man of obvious honesty and, for a politician, of remarkable popularity.

tician, of remarkable popularity.

The novelty, however, really lies in the situation which brought Sig Spadolini to power, and which could produce early elections, possibly leading to the Prime Ministership of Sig Bettino Craxi, the Socialist time But from its formation it leader. A pay long tay for the socialist time and the socialist time are socialist time. leader. A new long term factor was beset with disasters and is the rift between the Comscandals, ranging from the munist Party (PCI) and Mosearthquake of November 1980

terate between two mass parties the PSI underpinned by suc-of which the latter is effectively cesses in the 1980 regional barred from holding power at elections and the declining the national level. From this strength of the DC was has stemmed the presence of the eloquently symbolised by the Ohristian Democrats in every reluctant Prime Minister himgovernment since the war. It is self.
also the cause of the intrusion of politics into virtually every other

aspect of national life.

The only serious attempt to break this impasse was between 1976 and 1979 during which the Communists were finally induced to join the ruling parliamentary majority, though without seats in the Cabinet. The experiment failed, partly be-cause of its internal contradictions, and partly because of the death in May 1978 of the man who devised it, the Christian Democrat leader Sig Aldo Moro, at the hands of the red bri-

The Socialists entered the second government of the current parliament, headed by Sig francesco Cossiga, which was sentation. was actually inbrought down in September creased, partly at the expense of 1980 by the combined force of colleagues to keep his government alive.

But the longer the Government lasts the more achievements it can claim and the more difficult it becomes to justify removing from office a man of cobvious honesty and, for a polipublicans led by Sig Arnaldo Forlani.

is the rift between the Communist Party (PCI) and Mostrow.

The basic fact of Italian politics is the division of the elections and growing assertiveness of the Communist Party began after the product sales frauds. The rise is the division of the latter is effectively barred from holding power at elections and the declining.

The basic fact of Italian politics from the is the Christian Democrats present to touch, the the Soviet is the Christian Democrats present to touch, the the Soviet is the Christian Democrats present to touch, the the Soviet is the Christian Democrats present to touch, the the Soviet is the Christian Democrats present to touch, the the Soviet is the Christian Democrats present to the party revives it will be communist Party leader to the scandal over petroleum to the scandal over petroleum product sales frauds. The rise arthquake of November 1980 at less happy spectacle. The party revives it will be communist Party revives it will be communist Party revives it will be communist.

The party revives it the Christian Democrats present to touch, the the Soviet Union the communist Party revives it will be communist Party revives it will be communist.

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The party revives

Finally, in May last year, another scandal broke. This time over the existence of a Masonic Lodge named P2 which appears to have functioned as a kind of super-mafia, linking people in key positions throughout the country. Though Social Democrats and Socialists were as heavily implicated in it as Christian Democrats, somehow the Christian Democrats came to take the major share of the blame. Sig Craxi withdrew his support from the Government and Sig Forlani hurriedly re-

The subsequent elections of In the month-long crisis that 1979 resolved nothing and laid followed Sig Forlani tried but the basis of the current infailed to form another govern-

from the outset it has been the scene of a war of nerves between the DC and the PSI, with the Socialists always keeping up the pressure by focusing on one issue after another. Some issues are settled, for Sig Spadolini is a tireless conciliator, but other certain issues contraction, but other certain issues the description. simmer menacingly, too dan-gerous to touch, like the Soviet gas pipeline, on which the Government continues to stall.

The Socialists returned to government in May 1980—after six years in the political wilderness. The freshness of ideas and seriousness of several of the Seriousness of several of the Socialist ministers have impressed the public. Some reckon Sig Lelio Lagorio, the Minister of Defence, to be one of Italy's most effective holders of this post since the Second World War. Sig Gianni de Michelis is carrying out badly needed reforms of the State industrial sector.

The PSI advance was resoundingly confirmed in last June's municipal elections—a result which would be a dramatic shift if repeated in a General Election. In contrast to the PSI, the Christian Democrats present a less happy spectacle. The

June was a low point in recent be the candidate of the left DC fortunes. It lost the Prime Ministership, and saw its electoral support, especially in the big cities, eroded in local elections. A month earlier a referendum proposal to strengthen control of abortion was the nearly defeated, revealing the weakening of the party's anchor. heavily defeated, revealing the weakening of the party's anchor among pious Catholics. The presence of a foreign Pope profundly uninterested in Italian affairs has removed some of the spiritual legitimacy of the party. In a council meeting last August, the coalition that made Sig Piccoli secretary collapsed, foreshadowing more instability.

the outspoken Minister of the Treasury, build up their positions. But meanwhile the party will probably face the more urgent issue of fighting general elections.
For years the DC has pre-

sented itself as a bulwark against Communism, especially during the cold war. But the renewed cold war has made this less easy for the DC because

wing of the party.

The re-election of Sig Piccoli was a long way to go before would hardly be the act of rejuvenation that much of the party wants—that may take longer as the younger men in Soviet model of Communism, it, such as Sig Nino Andreatta.

The one party state and dictator—the outgroken Minister of the chiral and dictator—the outgroup of the party state and dictator—the outgroup of the outgroup of the party state and dictator—the outgroup of the outgroup of the party state and dictator—the outgroup of the outgroup o ship of the proletariat. Anyway the PCI itself must persuade its activists to accept the new line, in the face of a campaign against it by Sig Armando Cossutta, the only central committee member to oppose it, who is capitalising on the understandable reluctance of many Communists to abandon their roots and romantic in-spiration they draw from the events of October 1917. But in the long term the change in the PCI's attitude could be decisive for Italian politics for now it means that like the DC. the PCI has no wish for could be politics.

Trallan politicians are cruissing in uncharted waters. For the ing in uncharted waters, for the sing in uncharted waters. For the ing in uncharted waters. For the sing in the party congruent and individual factions, whose much criticised existence could now be under threat. This could exist the party so were under threat. This could exist the party so were the other, as well as the valid party of the shall possible desistence could not be within a parties, in individual faction

who would bring down the Government, and how. Presi dent Sandro Pertini has always said he is opposed to early elec-tions—though recently he ha-admitted that in some circum-stances it might be hard to avoid them. If there are to be elections before mid-summer the time available is dwindling as allowance has to be made for the preceding political

Elections could produce rise in the PSI's electoral sur port. If by Italian standards i was substantial this could resul in a Socialist-led coalition of which Christian Democrat formed part. Alternatively, coalition on the left with th PCI is possible. But it is fa

James Buxton

PROFILE: GIOVANNI SPADOLINI

Academic with **V1S1011**

HE IS above all a cartoonist's dream. In real life Giovanni Spadolini, Italy's first non-Christian Democrat Prime Minister in 35 years, cuts a substantial figure physically—in height and in girth dominating most of his political colleagues. Yet somehow this transmutes quite naturally into the caricature of a rotund curly-haired cherub.

His trade—if not perhaps love—is its political equivalent, reconciliation and compromise. Fittingly for a man who became Premier as the leader of a party with just three per cent of the electorate, the cherub is portrayed naked and innocent, ven-turing among the sinister players on the Italian political

Yet this impression is at best and perhaps most important in only partly accurate. It conveys the longer run—has any made such impact on the front of the so called "moral emergency." a man who, so untypically of the inbred caste that mostly con-stitutes the country's ruling class, has practised much else in life than politics.

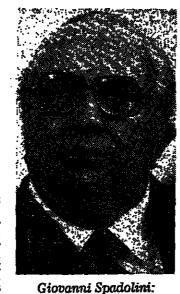
in life than politics.

His arrival in June 1981 at the top of the greasy political pole was not entirely unexpected, but was the product of peculiar circumstances. The Christian Democrats, tired and drained by scandal, had quite literally run out of candidates for Italy's top executive office while Bettino Craxi, the Socialist leader, was deemed too presumptious and obvious in his own quest for the chief office.

office.

Spadolini, 56, leader of the centrist Republican Party, was the perfect, indeed the only, compromise candidate if early general elections were to be avoided. But he has surprised everyone with a style of government light years removed from that of the world-weary Christian Democrats who immediately preceded him. For a start tian Democrats who immedited in the property preceded him. For a start he quite obviously loves the job. He brings to it enthusiasm, even a certain joy, coupled with an ability unusual among Italian politicians to master a brief. More important, he has the breadth of vision and understanding that reflects his previous career as a professor of modern Italian history at Florence University, followed later by a four-year spell, between 1968 and 1972, as the editor of Corriere della Sera, the country's leading newsthe country's leading news-

paper.
Familiarity and affinity with the Press led him in the early stages of office to conduct affairs through an endless stream of newspaper interviews. But after nine months of office these are drying up and his political rivals know it. of office these are drying up as the results, successful or otherwise, begin to speak for



Unquestioned integrity

"emergencies" theatrically pro-claimed by the new Prime Minister last summer, he has done best on two of them. Italy's economy problem-ridden and policy difficulties persist. But no recent Italian administration has scored such sweeping triumphs against terrorism, or-

It is not that Italy's public life has taken on a cloak of virginal white. Far from it. But unlike most Italian politicians unlike most Italian politicians
Spadolini does possess a sense
of state—and his own integrity
is utterly inquestioned. There
is an almost innocent tinge to
his personal life. He does not
drive, is unmarried and his all
too visible fondness for the meal
table inspires if anything affectable inspires if anything affection in the capital. "Home," for that small time not spent in the Prime Minister's offices at Palazzo Chigi, is an apartment in a Carabinieri barracks. His real home is in Tuscany where he was born and where his two houses contain an academic's other love, a library stacked with 40,000 volumes.

All this has helped win him n uncommon popularity. an uncommon popularity. Spadolini is perhaps more in touch with the changing nature of Italy than almost any other politician. Like that other contemporary revolutionary, the 85-year-old President of the republic, Sandro Pertini, he understands the genuine aspirations of his countrymen.

In the cruel releatless cocknit

Rupert Cornwell

OIL COMPANIES APART, FIAT IS

* Source: Fortune Magazine

To keep this lead the Fiat Group will invest four billion U.S. Dollars during the next three years. Figures like this say much for the company's determination to succeed, but they do not tell the whole story.

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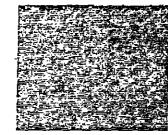
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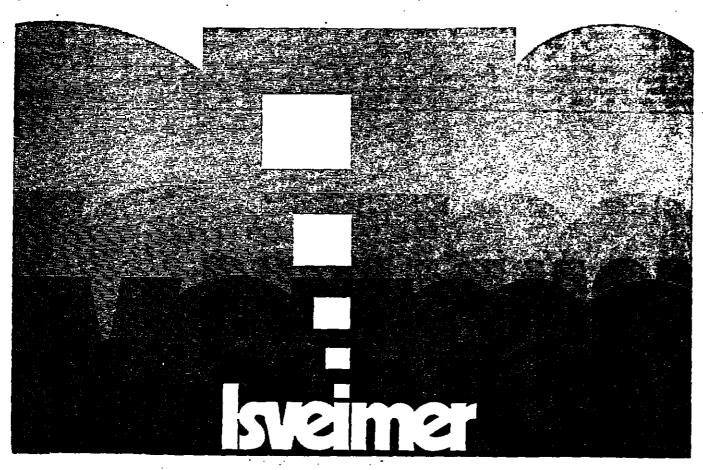
Isveimer, the Bank for the development of Southern Italy.

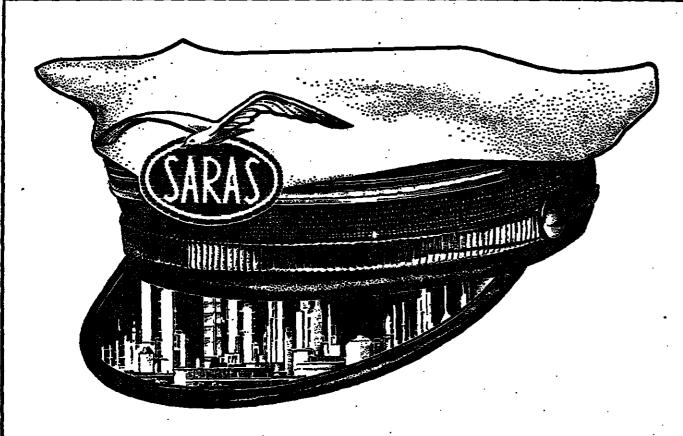
Isveimer is the medium-term Bank which finances italian and foreign productive activities in Southern

The guidelines underlying its harmonious growth in the last 5 years (over 3,000 billions of italian lire in outstanding credits and over 550 billions of italian in "own funds") can be easily identified:

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Energy crisis continues as country muddles through

warded off the march of Hanni- feet. hal's Carthaginian army on Rome in 217 BC he set a precethe energy crisis.

It is not an exact precedent. activity. In contrast, delays in implementing government of muscle by his party's Social energy policy have come about allies in the administration.

Mostly by failure and accident rather than design. Successive overtly political (Socialist published ambitions place to the propose the published ambition of the propose the published ambition of the published ambitions place to the published ambition of the pub the country's over-dependence on imported oil and develop domestic resources. But very ittle has been put into practice. More by luck than judgment Italy has simply muddled through. The energy crisis, like Hannibal's army, has

retreated but stayed unbeaten. A year ago the electricity project. supply system appeared to be teetering on the brink of collapse. Oil supplies were uncertain and the cost of crude imports was forcing the balance of payments deficit to record levels.

croaching recession has cut industrial demand, and the state electricity corporation, Enel, despite much agonising over its cash flow problems, has managed to squeeze its way through the past winter without major power failures, helped by mild weather.

Weakness

Even more important, the international oil glut has eased supply pressures and sliced around 25 per cent off the dollar price of crude.

Despite the weakness of the The end-results of the Grandi lira against the dollar the affair have still to be seen. Eni Government was able to order a is now headed by a temporary L30 per litre (nearly 3 per cent) roll-back on the price of petrol in February, the first price cut in two decades apart from a brief and accidental aberration in October 1980 caused by the collapse of the administration of Prime Minister Francesco

The energy crisis, however, has not receded without taking some political casualties, mostly from among the ranks of those who tried a little harder to face the challenge.

Sig Filippo Maria Pandolfi, Industry Minister in the early months of last year, declared war against "useless plans on paper" and pushed hard to win Oil conversion programmes. But in the mid-year reshuffling of political jobs which produced the five-party Spadolini coalition Sig Pandolfi was eased out. His chair went to Sig Giovanni Marcora who, as befits a former Agriculture Minister has

DICTATOR Quintus seemed more content to watch of gas through the newly Maximus Conctator the grass growing beneath his completed trans-Mediterranean

Another notable casualty has been Sig Alberto Grandi, presi- Sicily and the Italian mainland dent for Italy's management of dent of the state oil and energy conglomerate Eni. A Christian Democratic political appointee, by Algeria's insistence on Sig Grandi was forced out renegotiating the original earlier this month in a show contract to raise the gas price Fabius believed in masterly in Sig Grandi was forced out of muscle by his party's Socialist

. Although his removal was overtly political (Socialist party officials made no secret of their lished ambitious plans to cut wish to promote their own man, Eni vice-president Sig Leonardo di Donna) his vulnerability sprang from a tactical error. Sig Grandi in the preceding months made a series of noble but foolhardy attempts to push the Government into approving Eni's finalised contract to join the controversial Siberian gas

His efforts risked upsetting the delicate balance in the Cabinet forged by Sig Spadolini, who declared a "pause for reflection" on the pipeline project last December after the Polish crisis to avoid a devastating split in the coalition.

Sig Grandi's motives in seeking to clinch the deal, which would provide Italy with 8.5bn cubic metres of gas a year, may have been valid in terms of the Government's energy policies. to remark crustily that it was a comment which sealed Sig Grandi's fate as effectively as

Thomas a Beckett's.

commissioner on a six-month appointment. One likely cona parallel negotiation with sign one. Algeria for the supply of more

ENERGY CONSUMPTION BY SOURCE (% of total MTOE*)

1960 1973 1979 1985

49.2 70.7 62.6 55.4 political and public backing for Solid fuels 24.6 6.5 5.3 7.1 accelerated nuclear and coal Gas 14.7 12.7 19.3 21.7 Electricity 11.5 10.1 12.7 15.4 Total con-sumption* 35.1 104.4 105.2 119.7

* m tonnes of oil equivalent. † Forecast (IEA).

pipeline.

The trans-Med pipeline to was completed in November, but supplies have been delayed and index it to that of crude

A bilateral government commission is now trying to solve the dispute in the context of a wider Italo-Algerian economic co-operation agreement. Even if this approach yields the clusive compromise it is far from certain that the temporary commissioner for Eni, Sig Enrico Gandolfi, will feel empowered to commit Eni and its gas subsidiary Snam to a potentially costly long-term

Negotiations

Italians thus face prospect of indeterminate political delays in two of the most far-advanced schemes for reducing the country's depend-

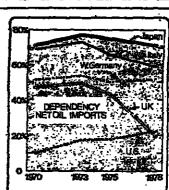
ence on Opec oil.

At the same time, and for similar reasons, question marks have to be put against painstaking negotiations developed by Eni in the past year to restore direct relations with the main Opec moderate, Saudi His persistence in pursuing Arabia. A still unresolved it finally prompted Sig Spadolini bribery scandal led Saudi Arabia's Petromin to suspend not the Eni president's job to oil shipments under long-term conduct Italian foreign policy— contract to Italy in December 1979, a scandal which forced the resignation of Sig Grandi's Socialist predecessor but one, Henry II in similar circumstances scaled Archbishop Sig Giorgio Mazzanti.

The lost contract cost Italy some 10m tonnes of oil at assured prices over the 1980-81 period, which happened to coincide with the sharpest crunch of the oil crisis.

sequence is a moratorium on decisions which would commit the with Saudi Arabia have state energy corporation to gradually been normalised. But long-term expenditures. If that no new direct long-term contract If significant advances had

than 12bn cubic metres a year been made in other areas this



would matter less. But they have not.

The private sector chemicals group Montedison has reported oil shows in exploration wells drilled offshore Sicily But technical data so far available give no reason to suppose that tion to Italian self-sufficiency. Domestic oil production meets only 3.6 per cent of Italy's

Meanwhile coal and nuclear energy programmes have remained bogged down in local resistance, despite encouraging signs in certain

regions.
"The atom is mysterious and coal is black," former Industry Minister and leading economist Professor Romano Prodi once remarked in explaining opposition to Government plans which would bring eight nuclear power stations and 11 new coal-powered generating plants on-stream by 1990.

The Government's latest plans, announced by Sig Marcora last year shortly after taking office, would involve investment of more than LS7,000bn (\$75bn) in the

decade to 1990. These investments would hold Italy's oil import needs down to about 100m tonnes a year and reduce pil's contribution to total energy requirements to near 50 per cent from near 80 per

Few observers, however, take the latest programme at face value. After similar proposals at yearly intervals Italy still has only three nuclear power stations functioning of which one, at Caoroso in the Po Valley, was commissioned only last year.

Again, plans to reopen the Suicis coalfield in Sardinia fill few economists with enthusiasm. Sulcis has several hundred million tonnes of estimated reserves, enough in theory to keep the field working well into the next century. But the coal is of poor quality and highly sulphurous. The field, opened turns out to be the case not only has yet been signed and it is of poor quality and highly would the Soviet gas pipeline would be optimistic to suppose sulphurous. The field, opened deal be compromised: so would that a caretaker regime could in the Mussolini era, was last worked intensively in the particular economic circumstances of the 1940s.

While gasification and modern carbon chemistry techniques could make the field more attractive, recent reports indi-cate that even locally, where reopening the field would be a major boost for employment in one of Italy's most depressed regions, there is little enthumore politically than economic-

ally viable. Scepticism also another major coal scheme, the Eni-Occidental petroleum joint venture agreement signed last

Charles Kennard

Brigades admit defeat

The

struggle represented a wager with history. Well, we've lost this wager, and our isolation and defeat are the price we are paying for having shut reality up in theoretical schemes." The medium is vintage Red Brigades jargon, but this time the mess-

There has been nothing to match the crumbling of the citadels of Italian left-wing terrorism in the past few weeks. The number of suspected terrorists and their helpers arrested has swollen so much that on occasions the newspapers have scarcely bothered to give details.

details.

Since December 17, when the last, ill-fated Red Brigades offensive began, some 385 suspected terrorists have been arrested. All but 45 of them are on the left of the political spectrum. Thirty-five terrorist bases have been discovered, and about 10 arms dumps. The former Red Brigades stronghold of the Veneto appears to have collapsed, and the units in Milan, Rome and elsewhere are seriously, weakened. Several Red seriously, weakened. Several Red Brigades members have publicly called on their colleagues to

renounce armed struggle.

December 17 was the day when Red Brigades members. with customary efficiency, kid-napped General James Lee Dozier, the senior U.S. officer at Nato's southern European headquarters, from his flat in Verona It has since emerged that his kidnapping was to have been only the first in a series' of operations, including the kid-napping of Sig Cesare Romiti. managing director of Fiat. and the staging of commando-style raids to tree jailed terrorists from prison. The offensive was to have culminated in the massacre of the leadership of the Christian Democrat Party at

a meeting in Rome. For all these operations detailed plans had been made, and hideouts for the kidnap victims prepared. But the authorities were able to foil almost all of them. The first break-through came early in January, with the fortuitous capture in central Rome of two Red Brigades members preparing the kidnapping of Sig Romiti. This led a few days later to the capture of Giovanni Senzani, a former sociology professor who had become the mastermind of the Rome unit of the organisa-

It is still not clear exactly

source of information to his captors, was being held. It was apparently the result of infor-mation obtained partly from those who had been captured in Rome, and partly from the underworld of drug pushers, for whom Padua is a centre. No such hideout had ever been located before while a kidnap victim was in it.

Betraver

The police commando action which liberated Gen Dozier on January 28 also netted one of the Red Brigades' most dangerous members, and one of its greatest betrayers. Antonio Savasta, who led the Dozier kidnap operation, claims respon-sibility for 17 murders. He swiftly changed sides after his capture, and has helped the police to detain at least 100 of his fellow Red Brigades members, and to indentify their hideouts. He also revealed information about the kidnapping and murder of Sig Aldo Moro, the former Prime Minister, in 1978. Why have the police been so successful? Ever since the death of Sig Moro, the police and Carabinieri have had to become more efficient in dealing with terrorists. Improved methods of detection, and analysis of the captured reams of information which Red Brigade cells always compile, assisted them in the big terrorist round-ups of 1979 and 1980. Most of the 1,500 terrorists currently in prison were captured in these raids, which also turned up several subsidiary left-wing

It was after the Moro drama that the police set about train-ing a special unit which, like the SAS in Britain, was designed to be as least as good as the terrorists in tactics and weaponry, and was put to good use at Padua. The para-military Carabinieri trained their own unit

The Red Brigades had been weakened by past arrests, and the restructuring of their organisation in 1980 and 1981 probably admitted many young and inexperienced members. Security appears to have what led to the identification of declined, permitting a man like

fathers founding anyone to have.

authorities

nevertheless, to have been shocked by the size of the organisation, the extent of its knowledge, the audacity of its plans and the existence of 'moles" at important levels in the Government machine. These included a telephonist in sought), a man in the Minister of industry's office. a girl on the staff of a leading magistrate investigating terrorism, and a leading official of socialist-oriented union UIL, who was arrested last month.

The allegations that police used torture and other forms of ill-treatment to obtain confessions from many of the recently-captured have been swelled by declara-tions from detainees, lawyers even from within the police force, and could cause serious embarrassment to the Government. Sig Virginio Rognoni, the Minister of the Interior, first denied them out of hand, and then denied that there had been any planned ill-treatment. All but 10 per cent of the

recently-captured terrorists are said by the deputy Interior Minister, Sig Francesco Minister, Sig Francesco Spinelli, to have co-operated with the police. There has been no suggestion that Savasta, the most useful informant of them all, gave his 100-page statement the magistrates under duress. But, while the hunt for Gen Dozier was at its height, the authorities were

wing terrorist groups? only operation they have mounted since the release of

outside Naples. The organisation and prestige of the Red Brigades

THE INEVITABILITY of armed the flat in Padua where Gen Savasta, and no doubt others, before, but several important struggle represented a wager Dozier, a specialist in logistics to have a far wider knowledge leaders remain at large with history. Well, we've lost but apparently not a valuable of the organisation than its Besides the incarceration of Besides the incarceration of terrorists in the past has not stopped them plotting and directing operations from inside prison, thanks to poor security and the intimidation. of prison staff by terrorists using the methods of the Mafia.

> Even before Brigades' winter campaign, there were clear signs that terrorism was on the decline in Italy. The number of terrorist actions in 1981 was, at about 820, the lowest since 1975, though the number of deaths at the hands of terrorists (some 24) was high In political terms, left-wing terrorism has failed to produce the results expected of it—the

> undermining of the state, the subsequent fascist reaction, and finally proletarian revolution. The state has become a little less inefficient, and the majority of the proletariat has, especially recently, identi-fied with the forces of law and order, who the terrorists claim are the people's enemies.

Causes

But the causes of left-wing terrorism remain: the immobility of the political system, the rottenness of the bureaucracy, the dominance of the middle classes and the meagre prospects for most young Italians: Foreign states, especially in the Eastern bloc, have an interest in destabilising Italy: the Dozier case has produced indications of Bulgarian interest, and Sig Spadolini said in January that 26 foreigners had been expelled from Italy under great pressure to provide in the past two years for being associated with terrorism: they included, it is understood. Where does this leave the included, it is understood. Red Brigades and other left. Libyans, Hungarians, Russians The and Bulgarians.

While some people, including Gen Dozier was a raid on a barracks in the Naples area to capture wespons, while the guards were askeep. Most of the superior bear since hear these countries facilities where President Sandro Pertini capture weapons, while the Union and its allies, the general sure aslesp. Most of the arms have since been the second relations and the second relations are the second relations and the second relations are the second relations are the second relations and the second relations are the second relations and the second relations are the second relations are the second relations are the second relations and the second relations are the second rel recovered, near a Nato base than directly promote it, by providing arms and training facilities. One of Gen Dozier's captors was fresh from a trainhave been damaged as never ing course in Libya.

CONTINUED ON NEXT PAGE

dealer

CARLO DE BENEDETTI is the man who proved that large private Italian companies, whose performance during most of the last decade was so most of the last decade was so had, have a future. In less than four years he has turned Olivetti, of which he is deputy chairman and chief executive, from being barely profitable into Italy's most successful

into Italy's most successful large company.

In recent months Italians have seen another side of Sig de Benedetti. In a sharply terminated 85-day spell as deputy chairman of Banco Ambrosiano, the country's most important private bank he demonstrated that managing a big company like Olivetti did not completely satisfy his ambitions—and indeed that he is not prepared to be trifled with.

Skilful

In fact there is no contra-diction between the two images. Carlo de Benedetti is not only a skilful manager with considerable leadership ability, he also has a strong nose for a

ate much private Italian industry. He first made his industrial reputation when in 1972 and, in his stock exchange he took over a small Turin tanning company named Gilardini. Within four years he had built the business up from employ-ing 100 people to employing 1,500. Turnover swelled with the incorporation of small and medium-sized Italian and foreign engineering companies.

On the strength of that he was brought in by the Agnellis (the proprietor family) in 1976 year, during which time turnto be managing director of Fiat and to handle its delicate man-

was given 5 per cent of Fiat, making him its second largest shareholder. But his stay at Fiat lasted

only three months. He apparently clashed with the Agnellis ently clashed with the Agnellis and the rest of the Fiat staff found his style too abrasive. The Agnellis bought out his stake at what is said to have been a handsome profit to him, and de Benedetti founded a new empire. He bought another tanring company called Cir and, repeating the Gilardini operation, more than doubled its turnover in two years.

Already he was looking around for something bigger to conquer. Finally in 1978 he entered Olivetti, based north of Turin at Ivrea. Olivetti had been family-run from its foundation in 1906 but the office equipment concern had run out of steam in the 1970s. It was heavily in debt; under-capitalised and hovering between profit and loss.

De Benedetti initially bought about 20 per cent of Olivetti shares and set about reviving Born into a prosperous Jewish family in Piedmont 48 years ago, Sig de Benedetti was outside the circle of Milanese and Turinese families who dominated atmosphere of the time the big companies had despaired of doing, like shedding workers and raising new funds on the stock exchange. He introduced the families who dominate much private Italian indeed. exchange as a source of funds:

He was helped by inheriting

a good new product—the first electronic typewriter — though de Benedetti says he rethought its marketing and marked up the price heavily. Olivetti's profits rose from a meagre L2bn in 1978 to nearly L90bn last over has nearly doubled to L1,362bn. The Olivetti formula agerial restructuring. Fiat has since been applied to possible new bought Gilardini; de Benedetti Pirelli, Fiat, Montedison and tunities.

other companies, in all cases producing better results. De Benedetti's main contribution was probably to give the company executive management at a time when it was only being administered. Only he and his brother Franco came into the company from outside. "The attiwas making losses because it was in debt. I said it was in debt because it was making losses," he said last year, after successive capital increases, Olivetti's debt dropped to an

amost negligible level. But de Benedetti retained his other interests, continuing to expand Cir, and has never moved from Turin to live at the company town of Ivrea. Even so there was great surprise when last November, it was amounced that he had taken a small stake in Banco Ambrosiano, of which he became vice-chairman.

Appeal

The surprise was partly at the fact that de Benedetti should choose to join a concern which, while being highly profitable, is closely linked to the Christian Democrat establishment and the Vatican. Its chairman, Sig Roberto Calvi, was earlier last year convicted on illegal currency export charges and is at liberty pending appeal. De Benedetti, on the other hand, has been untouched by scandal and if anything is linked to the republican party.
At the time Sig Enrico
Cuccia, head of Mediobanca and
of Italy's financial establishment, commented: " One of them is making a mistake. Only time will tell which," Sig Calvi apparently brought in de to improve standing of the bank and de Benedetti joined to expand his area of interests and to gain



Carlo de Benedetti: not prepared to be trifled with

But the "marriage" did not work. Sig. Calvi had apparently not bargained for de Benedetti's understandable desire to get to know the ownership structure of the bank (which has always some of the more crucial events in its recent past. Sig Calvi refused to tell de Benedetti anything of importance and discouraged him from becoming associated in the running

of the bank. Finally both sides decided to end the deal and Sig Calvi arranged for the purchase of de Benedetti's shares at the cus-tomary profit. Neither side can be said to have lost much and Sig Calvi has now found another vice-chairman.

De Benedetti is meanwhile presumably looking for another opening, having earlier said that he did not expect to end his days at Olivetti, even though he believes it can be made still more profitable. Meanwhile he remains an outspoken critic of governments and their handling of business and the economy. He recently told a group of par-liamentarians visiting Ivrea that government had con-tributed nothing to Olivetti's

Banks struggling as tight credit squeeze continues

THE ITALIAN financial system poor second in this division of the banks should develop a new is going through difficult times. If the banks overshoot monetary instrument as a form The Bank of Italy continues to enforce a tight credit squeeze, while banks are also suffering last year, they have to spread from a real decline in deposits the financial penalty which the as savers increasingly invest directly in government bonds. The their borrowers, which makes Milan stock exchange, for which hopes were so high only a year

almost a year at 22.5 per cent, prime lending rate came down marginally early this month to 21.75 per cent, but that still means loans to many borrowers of up to 27 per cent—rates which have been called usurions. Unloved by lenders, the banks are also unloved by depositors-deposits grew by less than 9 per cent last year, against an inflation rate of 18 per cent, as depositors put their money directly into Treasury Bills.

The difficulties the banks are facing have prompted many calls by leading bankers for fundamental change in the anti-quated and, for the consumer, inefficient banking system. Yet so far there has been no obvious sign of a response to these calls, though the tide of discussion continues to flow strongly. There are certain technical developments under way in the banking system, but these are

due mainly to past initiatives.

The Bank of Italy's credit
restrictions, aimed at keeping the growth of total internal credit within specific limits, is intended to curb inflationary pressures. The next most important part of its job is to make sure that the Govern-ment's public sector borrowing requirement, which is itself a major cause of inflation, is funded. Every possible device is savings accounts, and to greater used to make sure that the government has first call on the banks' funds. Last year the outturn of the PSBR was almost L52,000bn, against the original target of L43,000bn, and this years target of L50,000bn looks increasingly unlikely to be met. The private sector comes a

the lending restrictions, as they did by a total of about L3,000bn

Lending to the private sector Most of the pain is being felt effects of their weakening desqueeze gradually eases it will become more serious. The recent ending of the import deposit scheme, which began last May, will inject about L4,000bn into the economy, and a drop in the Bank of Italy's discount rate, currently 19 per cent, is considered likely soon.

Discreet

Before the great popularity of Treasury Bills, Italy's banks could happily operate a system of obtaining deposits which Dr Nerio Uesi, chairman of Banca Nazionale del Lavoro, calls Bourbonic and Levantine." But the banks are still operating it: officially the deposit rate is only 11.5 per cent; but on discreet application banks will pay large depositors considerably more. The absence of a "transparent" deposit rate policy is now costing the banks dearly, though some outside observers wonder why anyone deposits money with the banks at all, when Treasury Bills offer a much higher coupon,

and are tax free too. One idea currently being widely canvassed is an end to the system whereby banks pay interest on current accounts, which would lead to the creation of more clearly-defined incentives to Italians to use cheques for more than just drawing out cash. The counterargument is that any system which actually diminishes the amount of interest paid on bank

match the appeal of the Treasury Bills.

In the meantime, the banks are expanding into what they call "para-banking" activities—such as leasing and factoring money even more expensive. -where the pioneering work ago, is making a gradual recovis currently so restricted that in Italy was done by the growery after last summer's crash they are not directly feeling the ing number of foreign banks. sector also happens to by the banking system. After posit base, but as the credit have the advantage of being free from the most oppressive credit controls. Any serious reform of the

banking system will have to tackle the appalling inefficiency of service to customers which can make visiting the bank a very frustrating business. The frustrations stem from two maincauses: fussy restrictions im-posed by the Bank of Italy, which there seems little chance of removing, though there perhaps is more scope for banks to skillfully accommodate them-selves to them as some foreign banks have done; and the gross inadequacies of the system of communication betwen one bank and another.

Communications within each of the main banks are relatively good, and Italian banks, by European standards, have a high degree of automation-but only within their own systems. The moment one institution has to deal with another-and there are more than 1,000 banks in Italy-paper and manpower have to be used to hook up two computer systems. This is why it can take up to a month to clear a cheque drawn on an-other bank. The system is not helped by a very bad postal

Only the savings banks-of which there are about 90 institutions—now have their own tele-processing network, and early this year they launched the first network of automatic teller machines, permitting customers of one savings bank to draw cash from another using a machine situated in the outside

monetary instrument as a form of making their own automatic networks-which many of them already have—correspond with each other. For this there is a target of next spring, after which there is the prospect of Italy having the first single national automatic network in the world—a remarkable feat for a country with such a quaint

banking system. merging of the banks' teleprocessing systems, though this is considered to be some way off, because of the serious technical problem involved.

Revival

While the banks, ability to finance industry has been curtailed in the past two years, the stock exchange enjoyed a remarkable revival in 1980, which saw prices double, and in the first half of 1981 when they went up a further 68 per cent. During that time a wave of companies, large and small, came to the market to increase their capital by new issues of equity and bonds, and substantially reduced their debt-equity ratios which traditionally have been such a feature of the Italian company's balance sheet.

Then in June the market crashed, and for a few days in early July had to shut down altogether. The polemics about the subsequent correctness or otherwise of the interventions of the new activist board of the Consob regulatory authority are still being debated. In the autumn stockbrokers were still blaming the Consob for many of their troubles, as well as taking a swipe at the Government for not fulfilling its promise of introducing promise easures to allow the creation of unit trusts, as well as other measures to encourage share-

Finally, the legislation was introduced—though its tax pro-visions were judged too disadvantageous to make them worthwhile—and the market began to pick up, with trading volumes rising again. At the end of the year the Stock Exchange closed more than 10 per cent above where it had started.

The trading month straddled by Christmas was depressed by the flotation of the L640bn capital increase for Montedison Chemical, which was only 21 per cent subscribed. Then came the collapse of the share price of Bastogi, the property and industrial holding company, so 1982 seemed set to get off to a thoroughly bad start. But there has been a little more action in the past few weeks and the market has risen 5 per cent so

the next few years as more companies—including more state-owned concerns-use it to raise capital, as new instruments come in to encourage wider shareholding, and the rules on disclosure of information are progressively tightened. All this will take time, but the spectre on June-July 1981 is

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accounts is not timely at this Another suggestion is that Red Brigades admit defeat

If left-wing terrorism were to come to an end it would probably be replaced by some other ably be replaced by some other form of subversive activity. It is more likely to continue on a reduced scale; things rarely come to an end in Italy, and terrorism is an historical phenomenon of long standing. The bue and cry about left-wing terrorism has obscured

wing terrorism has obscured the no less sinister pheno-menon of right-wing terrorism, which caused the death of eight people last year and which, with the death of 85 people in the 1980 bombing at Bologna railway station, was responsible for the most lethal terrorist incident in recent European history. The disturbing fact is that, in contrast to their successes against the left, the police have achieved very little in following up the major inci-dents of right-wing terrorism.

No-one has been proved the parts of the centre, is that the authorities dare not strike at the heart of right-wing terrorism, for fear of incrimin-

guilty of the bank hombing in the Piazza Fontana in Milan in 1969, in which 12 people died (the start of more than a decade of terrorism), nor of a bombing at Brescia in 1974 which cost eight lives. Police have not even charged any one with the Bolosna bombing, for with the Bologna bombing, for which no group ever claimed which no group ever claimed responsibility. This month the two houses of parliament met in joint session to consider whether two former Prime Ministers, Sig Giulio Andreotti nad Sig Mariano Rumor, and another ex-minister, should be arraigned before the constituarraigned before the constituarraigned perfore the constitu-tional court for their part in the alleged ever-up of secret service involvement in the Milan bombing.

The view of the Italian left, and parts of the centre, is that

tween rival Camorra gangs.

This feuding produced more than 200 deaths last year.

struggles accounted for more than 100 deaths in 1981. Some 40 rich Italians were kidnapped last year; the true figure may be higher, as some families never inform the police. In the case of kidnapping, the consolation may be that the number is nearly half what it was in 1977, and it is claimed that the kidnappers behind bars—more than 1,000 of them—represent 70 per cent

James Buxton

The Mafia and its internal far on t he year. The Bourse ought to be an interesting scene of action in

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Industry in Italy faces some disturbing long-term trends. Here, and on the following two pages, Financial Times writers examine the problems faced by some of the key sectors.

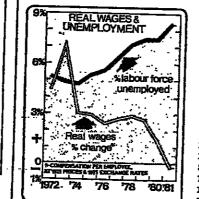
Important structural changes under way

AT FIRST GLANCE Italy's in- many of the problems which state sector, are being severely to feel gloomy about much of squeezed by very high interest rates, and from a normally prosperous part of the country, notably Piedmont, comes a stream of laments and reports of bankruptcies or near bank-

If much of that can be put down to the problems of the world recession, which Italy began to suffer after most industrial countries had become used to it, there are also some dis-turbing longer-term trends. Italy's strength in craft products like shoes, leather goods and some textiles is being eroded by competition from developing countries. Heavy industries such as chemicals, oil refining and parts of the steel industry face poor prospects, and it is particu-larly unfortunate that there should be such a concentration of these heavy industries in the generally poor south. Italy is weak in high technology

exports.
Yet the gloom can be overdone.
Piedmont is suffering for its
heavy dependence on the motor
industry, centred on Fiat, yet
car sales still rose marginally last year (though stocks ran down). Many of the small companies whose plants line the country roads of the Veneto and other parts of the north, are hardly suffering at all, and are mostly young enough not have a backlog of debt.

More important, there are big structural changes afoot that make it possible to be more optimistic about Italian industry than for several years. Broadly speaking, the large private sector companies are sorting out



dustry in early 1982 presents crippled them in the 1970s, and a depressing spectacle. Unem- a concerted assault is being ployment and layoffs are at made on the state sector which, record level, production in 1981 though it has yet to show much was nearly 4 per cent down on fruit, may be pressing against that of the year before. Many the limits of the politically poscompanies, especially in the sible. And there is little reason the small business sector, depending on what field it is in.

The 1970s were the decade when large Italian companies 196 paid the price for the economic miracle of the early 1960s. The enormous gains in trade union power achieved at the beginning of the decade drastically cut productivity and raised wage costs, and companies became overwhelmed by debt and unable to raise new capital.

Smaller units

One way out was for com-panies, where they could, to decentralise production—relying more on smaller units and on small independent suppliers who were more flexible and less inhibited by restrictive prac-

After the first oil crisis of 1973-74 there was enormous growth of these small concerns, which were remarkably dynamic in export markets. Most of them were in every respect legal, but at the smaller end of the scale they disappeared into the so-called submerged or black economy, beyond the effective scope of the taxman or the labour regulations. The first major attempt by

the large companies to putting their affairs in order came in 1978 with the appointment of Sig Carlo de Benedetti as head of Olivetti, the office and data processing equipment manufac-turer. He proved that it was possible for large companies to control workers, increase productivity and raise new capital on the stock exchange to cut indebtedness. His example was followed by Pirelli, the tyre and cable maker, and other private sector companies.

Italian companies were cushioned during the 1970s by **Italian** an exchange rate policy which allowed the lira to fall as the inflation rate differential with other countries rose. But in March 1979 Italy joined the European Monetary System and this safety exit was drastically reduced. Fiat asked the government for a devaluation in the summer of 1980. When it was refused it went ahead with major cuts in its labour force which caused a long but unINDUSTRIAL PRODUCTION BY SECTOR

	pugnetia	Capital goods	and quarrying	Chemical		and data	and and
75 76 77 78 79 80 81+	100.0 111.6 111.6 114.0 121.7 127.8 123.4	100.0 193.2 107.8 112.6 122.3 137.0	100.0 97.7 96.2 94.5 95.2 94.9	100.0 112.3 112.3 123.3 123.3 131.5 136.6	100.0 109.8 110.3 111.5 118.9 156.5	100.0 120.5 125.6 176.7 238.9 252.1	100.0 115.5 113.4 103.4 116.6 116.0
	123, <u>4</u>	143.6 †Estim	'98.1 ates base	. 140.0 d on 9-11	192.1	267 7	108.5

Source: Eurostats

An important weakness of Italian industry is the relatively small proportion of high technology exports. The state sector's heavy burden of accumulated debt and muddled structure has resulted in much waste, a situation the government is trying to sort out

ings, has been making a

the nuclear industry has agreed

on one reactor type (the pres-

surised water reactor) though

the state has not yet given it

any orders for them; and the

Anomalies

tween Fiat and Alfa Romeo.

structure the steel industry-

financial as structural—has been

nope

Since then Fiat's productivity chemicals, fibres, do not help has increased by about 20 per and Sig Gianni de Michelis, the and Sig Gianni de Michelis, the Minister for State Shareholdcent to near the European average, absenteeism has fallen sharply, management morale and effectiveness have risen and, matters. but for serious difficulties in Latin American, the company would be the only Western carmaker making profits.

Fiat's example was followed last year by Montedison, the chemical concern, and this year by Alfa Romeo, the state-owned car producer, as well as other smaller companies, the Fiat strike at least ended the growth of trade union power in industry, though the expected period of its decline may well be a turbulent one. shape of the state aircraft indus-try has been clarified.

The problems of the state sector are less tractable. Though it contains many well-run and technically advanced concerns. it is very heavily burdened with accumulated debt which accounts for most of its L4,000bn loss last year. Its management is frequently dis- of Fiat, under which Finsider tracted by political considerations—for example, the current activities, and the two companies are to co-operate in a

ENI, the state energy company. But the worst problems of the state sector are its often muddled structure, and duplica-tion of wasteful competition with the private sector. Its heavy concentration in the crisis-ridden sectors of steel, shipbuilding,

Fresh

year the government-held controlling stake in Montedison was sold and the company became the private sector pole of the pick up. chemical industry. Its troubles. are far from over but it intends Italian businessmen, inche concentrate more on secondary chemicals, where returns are higher. In the state chemical sector

the most important development has been the establishment of a Occidental, the U.S. oil company, which has taken over many of the plants of the defunct SIR and Liquichimica. The idea is to combine an injection of American management and marketing skills with an infusion of Italian funds. For the remainder of the Industry there is to be a rationalisation and exchange of plants with Monte-dison, for which negotiations are still going on.

Agility

vigorous attempt to improve The crucial question in the state sector remains how many A series of structural surplus jobs will actually go changes have sorted out the and how much uneconomic plant will in fact be closed. The often higgledy-piggledy organ-isation of some of the subunions have been told that the sectors of state industry. For state sector can no longer be example, some of the anomalies such a drain on the country's in the structure of STET, the finances but there is a limit to telecommunications sub holding what can be done to stop it. On of IRI, have been cleared up; the other hand there is far less opposition to the selling off of parts of the state sector than there is in Britain.

Italian industry in general enjoys two obvious strengths. One is the high level of fixed investment amounting to 20 per cent of GDP in both 1980 and 1981. It is said that Italians like

passed by the government, the to have new equipment fust as reorganisation of the chemical industry is more advanced. Last is that Italy will be well placed visa-vis many competitors when the Western economy begins to

The other is the agility of some of the state sector, in export markets. This has been dramatically shown in the past few months as exports have started to grow much faster than imports, responding to the joint venture between ENI and squeeze on the domostic market. The machine tool industry, which consists mainly of metworks of closely cooperating small private companies, achieved a record trade surplus last year, up 27 per cent on the year hefore,

But a major weakness of Italian industry is the relatively small proportion of its exports that are accounted for by high that are accounted for by high technology products. Despite the presence of Olivetti, Italy is relatively weak in the electronics and telecommunications equipment fields. Part of this weakness is due to the lack of a strong educational tradition in high technology, and part of it to the past weaknesses of the state sector in this area. One solution is seen to lie in greater international cooperation: the state-owned Itatel telecommunications equipment company is expected to sign an important cooperation agreement with the U.S. concern General Telephone and Electronics. While Italy's only semi-conductor maker, SGS-ATES, is to be the first foreign company to make Toshiba circuits under integrated

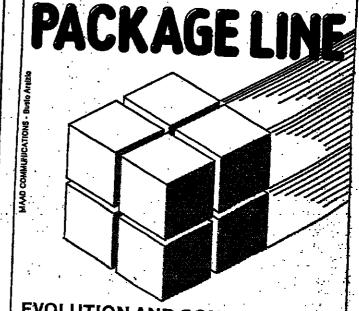
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radial tyre, using a Pirelli machine



held over co-operation between Alfa and Fiat



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The ENI group thus provides an important

reference point in the industrial world and in key sectors of economic development.

But the ENI group has also an important voice in the much wider field of international collaboration and in the direct exchange between producing countries and market countries, with its policy of purposeful interchange and reasoned use for resources and

This, then, is the task that the ENI group has set itself for the 80s: "A large technology and work plan, an Italian commitment in the world, an active contribution in international collaboration".

■Agip ■ AgipPetroli ■ Snam ■ AgipNucleare ■ AgipCarbone ■ Samim ■ Anic ESnamprogetti ESaipem ENuovoPignone ESavio ELanerossi ESofid EHydrocarbons Int. Ho. IS THE worst over for the Italian car industry? The question may sound odd, in petition from foreign groups,

the midst of the deepest crisis for the sector in decades. But every sign is that when the upturn does come, it will be in a far healthier state than when the current recession began. The most striking turnround has come at Flat, the Turin-

based manufacturer which accounts for more than four fifths of Italy's overall output. In 1980, the year of its greatest difficulties, Fiat lost L130bn (\$100m) on its car operations. For the last year the division expects to have been narrowly in the black. The improvement is due to a combination of factors, but determination with which the group has tackled its under-lying problems in the last 18

Most important of them all, undoubtedly, was its decision to lay off 23,000 workers in the autumn of 1980, a plan implemented only after the collapse of an unprecedented five-week strike at its plants.
That move signalled Fiat's intention of correcting its woeful productivity record. and since then output per man has risen 20 per cent, to bring the group more or less back to the European average.

Quality

The strategy has been sup-plemented by a new emphasis on quality and a conscious effort to improve finish. The results may be seen in the new 127s, uprated Ritmos (Stradas), and the facelifts carried out to the 131 and the top-of-the-range 132 (now under a thin disguise renamed the Argenta). Alongside these should be counted the highlypopular Panda utility model, the Delta range of its Lancia subsidiary, and the yet-to-be-unveiled "Tipo Uno" model, intended to replace the 127.

But Fiat would be the first to admit that its efforts have been favoured by the extraordinary buoyancy of the domestic car market in Italy where it has a dominant share (51.4 per cent in 1981). If its Lancia and Autobianchi subsidiaries are included. Flat delivered 894,000 vehicles in Italy: a performance that helped muffle the impact of sluggish exports, and allowed the group to reclaim the title of European market leader, with 13.5 per cent of total

But the continuing growth the Italian domestic market also increased com-

eager to cash in on the one expanding major entlet in Europe. . Imported marques increased their share of total deliveries last year to 41 per cent from 40 per cent in 1980. while the country's overall trade deficit in automotive products rose by almost 28 per cent to L2,582bn in 1981.

The process carried forward with such success by Fiat has hardly been embarked on so far by Alfa Romeo, the publicly-owned carmaker, whose problems today are perhaps proportionately even greater than those of Fiat two years ago. Both sales and output declined 5 per cent last year, and the overall deficit will exceed 1980's operating loss of L76bn—due entirely to Alfa's Alfa's problem-plagued southern plant at Pomigliano near Naples, where the Alfasud range is manufactured.

But Alfa is now starting to put its house in order. A third of its 42,000 workforce may be laid off this year, to lift productivity. Its some-what elderly model range is due for an overhaul in the next two or three years, and a controversial joint venture with Nissan of Japan in Southern Italy could lift its overall production to 300,000 vehicles annually when Alfa-Nissans roll off the assembly lines in 1985 at the planned rate of 60.000 a year.

But perhaps the most striking evidence of the new wind coursing through the Italian car industry is provided by the smallest independent manufacturer, the group headed by Argentinaborn Sig Alejandro de Tomaso and embracing not just Innocenti but that aristocrat of the industry fallen on hard times, Maserati. Innocenti's own fortunes have deteriorated, and its share of the domestic Italian market declined to barely 1 per cent in 1981 from 1.7 per cent in 1980.

But for Italian car enthusiasts, there is no doubt about the most keenly-awaited event of this year: the launch of the new Maserati two-litre Biturbo, whose L20m price tag will make one of the industry's most glamorous marques accessible to a much wider public. Maserati's own sales as a consequence are expected to more than triple this year,

Rupert Cornwell

in pages,

ITALY VII



The company is Europe's biggest manufacturer in the combined fields of Olivetti's Scarmagno plant, near Turin. data processing and office equipment

Weakness in telecommunications

AMONG THE worrying trends market has hitherto been much in Italian exports is the relasmaller than those of, for tively low share of high technology products; it is said to be Germany. The boom is expected only about one-sixth of the total. One aspect of this is the relatively small size of the Italian electronics and telecom-munications sectors.

A major exception has to be made for Olivetti, which is the biggest European manufacturer in the combined fields of data processing and office equipment, and the sixth biggest in the world. But, in addition to having more than a third of its production outside Italy, production outside Italy, Olivetti stands almost alone within the country.

Optimism .

Similarly, in telecommunications, Italy has no large manu-facturing companies of particular international prominence, and its weak domestic tele-communications industry is still being restructured. There is, though, rather more optimism about this now.

Germany. The boom is expected to take place in Italy in the 1980s that occurred in the 1970s in those countries.

The telecommunications in-dustry, which is dominated by the state, has suffered from poor direction and lack of state funding, and both sectors have been affected by the shortage Government finance for

In the data processing field, Olivetti's strength is in small business computers and distributed data processing, especially the automation of banking.

Olivetti has now returned to the mainframe computer business by setting up a company which markets such machines under licence from Hitachi of Japan and IPL of the U.S.

Electronic equipment gradually becoming Olivetti's main product, as office machinery becomes increasingly automated. The Italian company was the first to introduce the The data processing equip was the first to introduce the ment industry is relatively electronic typewriter, which is small, partly because the Italian soon expected to make the

electro-mechanical model re- of SIP have greatly improved, dundant, and this development thanks to capital injections and dundant, and this development points to the proximity of the all-electronic office—an amalgam of computers, office machinery and telecommunications. To develop its position in this sector, are still poor. Olivetti signed an agreement last November with the

Canadian concern, Northern Telecom, to manufacture voice and data PABXs under licence in Italy. Most of the Italian telecommunications industry is the responsibility of STET, the state holding company, which is part of the IRI group. Its problems have been threefold:

● Financial—caused by undercapitalisation and years of low telephone tariffs charged by SIP, the main telephone concern

which is its subsidiary; ● Structural — STET groups the main manufacturing conis cerns as well as SIP and its associates, their chief custo-mers; and

● Technological — how to select the type of electronic telephone exchange for the

In the past year the finances

higher charges. This has meant that orders are beginning to flow again to the manufacturing concerns, though STET's finances

Most of the restructuring of the industry is still under discussion, but a co-operation agreement was made last year between Italtel, STET's main equipment subsidiary, and Fiat's successful telecommunications subsidiary, Telettra.

More hopes are now being pinned on the technology aspect. Italtel has decided in principle to go ahead with a co-operation agreement with General Telephone and Electronics (GTE) of the U.S. The deal, which is expected to be finalised shortly, will concentrate on the development and marketing of a new electronic exchange, called Proteo, which Italtel has been working on for 10 years.

GTE will contribute further to the development of the Proteo, and assist with sales abroad. The Italians chose GTE after seriously considering collaboration with the Swedish

company Ericsson. This was finally rejected on the grounds that it would have given Italtel too modest a part in the development of technology that was, anyway, considered less

The decision on GTE should make the way clearer for restoring productivity in the over-expanded Italtel plants (the company is a heavy loss maker), and for making further changes in the way the industry is organised.

Italy's intention for the past two years has been to force into being a co-ordinated, statedominated telecommunications industry for the 1980s, which would be as effective in export markets as in modernising the Italian telephone system.

That objective seems a little nearer to realisation, but it has taken a long time to get this far, and the Italian state system contains many potential snags. If the design fails, Italy's longer term outlook in this aspect of high technology looks

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The Tornado, the Anglo-German-Italian combat aircraft. Deliveries began last year

Big projects bring for aeros pace

export markets, a low level of projects. public financing and a small air force budget have prevented the industry, the fourth biggest in on international joint ventures Europe, from reaching the size and sophistication of the three major producers — the UK, France and West Germany. The nearest Italy has hitherto come to developing hig projects has been in sub-contracting and licensee production.

But in the past two years big changes have occurred. Aeritalia, the leading aerospace company in the State-owned lines were imposed last summer on the two leading state-owned Boeing—with a 15 per cent stake—in the Boeing 767, which soeing—with a 15 per cent aerospace groups, Aeritalia and stake—in the Boeing 767, which Agusta, by the Minister for flew for the first time last State Shareholdings, Sig Gianni summer. Aeritalia has spent de Michelis. Both groups L250bn on the 767 which has already attracted ove orders and 130 options. over 170

Deliveries

Deliveries of the Tornado, the Anglo-German-Italian multi-role combat aircraft, also began during the year. The three-member consortium has developed one of the most sophisticated military aircraft in production today, and more than any other project the Tornado has demonstrated that

companies.

Also significant is the collaboration between Fiat Aviazione and America's Pratt and Whitney on the PW-2037 turbo-fan

The leading companies in while the small companies will specialise. But the two problems of inadequate public finance and lack of planning and co-ordination still hamper the aerospace industry. Only the second appears to be on its way to being solved. If not exactly a plan then at

least a series of broad dividing some, other companies. Minister ruled on which could buy what, and also directed Aeritalia to hand over (we companies to Agusta. The idea was to determine the directions in which the two groups could develop and to reduce competition between them.

Aeritalia will interest itself in medium and large transport and military aircraft and in space operations (it seems possible that it may acquire a Tornado has demonstrated that the Italian company can now participate from scratch as a partner with Europe's leading companies.

possible that it may acquire a share in Selenia, an Iri-controlled electronics group in the participate from scratch as a partner with Europe's leading future), while the Agusta group will specialise in helicopters and equipment and smaller aircraft.
The division is far from per-

spatiale of France decided to a potential competitor of the go ahead jointly in producing Sial S-600, but this is now getthe ATR-42 airliner, a 40-50-seat ting low priority.

A NEW era is beginning for commuter or "regional trans-the Italian aerospace industry. port" aircraft on which each lng aerospace companies access.

Lack of major traditional was previously running separate to a fund for industrial development is slowly working its way through the bureaucracy, but meanwhile the fund itself needs refinancing, a by no means cer-

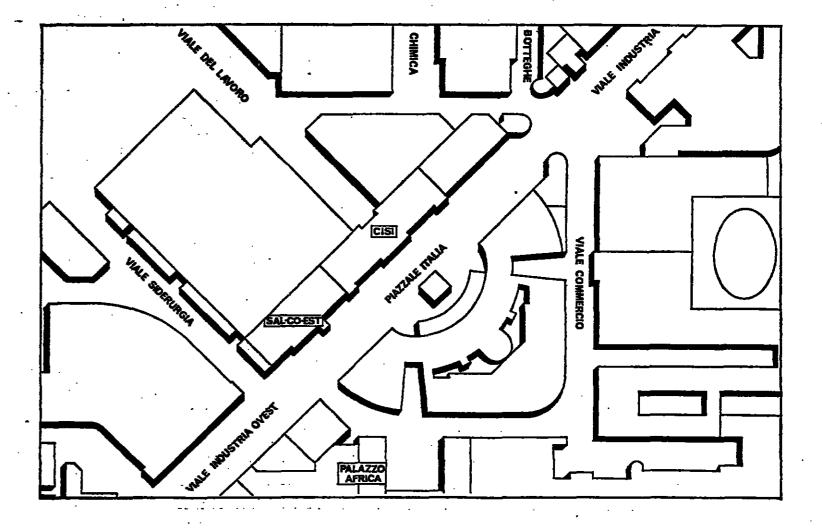
tain prospect. There is also some tension between Siai Marchetti and the private concern Aermacchi, over claims that the Macchi MB-339 jet trainer, now being delievered to the Italian air force is a direct competitor of the more reently developed S-211 jet trainer built by Siai Marchetti. Agusta denies that they are direct competitors. Aermacchi also works on the AMX light attack project with Aeritalia and the Brazilian com-

Participate

Preliminary results suggest that the industry has come through 1981 rather well. The first deliveries of Tornados have helped double Aeritalia's turnover, which is up to around L550bn, and the company hopes to make a profit in 1982. New orders taken in 1981 amounted to L650bn, and 70 per cent of production is for export. production is for export. Agusta's turnover should be up some 10 per cent to around L500hn, with orders, mainly for export, adding up to L430hn last July. Fiat Aviazione is expected to announce an increase in sales of 30 per cent to L190bn.

An increase in financial backing for the industry is essential if the ATR-42 regional airliner and the projected Agusta-West land EH-101 helicopter are to get off the ground. Research development expenditure will need to rise beyond the 10 per cent of turnover averaged during the last five

Nick Brough



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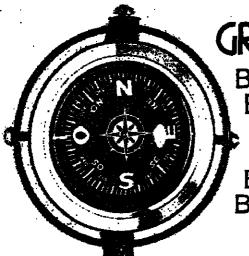
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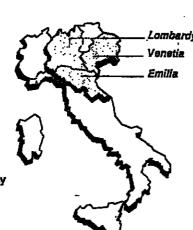
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Gianni de Michelis: bringing home the truth

Socialist leader of a quiet revolution

"STATE INDUSTRY in Italy must start all over again. We have got to show the world that our public sector companies are reliable, and not just in the business of pat-ronage and government handouts. This country just cannot afford any more a system which is losing L4,000bn

(£1.75bn) a year."
This was how Sig Glanni de Michelis, Minister of State shareholdings, recently described the principles underlying the quiet revolution now under way in Italy's public sector industry—and one of which he, more than any other single individual, is the embodiment.

For the first time in more than a decade, a serious attempt is in progress to restore Italy's big three public sector corporations IRI, ENI, and EFIM, to their former glories. In the early stages of Italy's post-war industrial takeoff, they seemed a perfect formula for growth, combining the resources of the state with the dynamism of private enterprise. But now, as Sig de Michelis says, they merely eat up those resources at prodigious speed.

The 41-year-old Socialist from Venice has been in the job just two years, since April 1980, when his party returned to government after a six-year absence. He is unusual in that he combines a real concern for industry and an executive drive rare in Italian politics, with an ambition and taste for intrigue that are nothing but that.

The latter attributes have been visible in the frequent friction with top state sector executives, and in his open campaign to get rid of Sig Alberto Grandi, a Christian Democrat, from the helm of ENL The energy concerns president will be ultimately replaced, in all probability, by a Socialist as part of a sweep-ing overhaul of its top management structure.

But the other side of de Michells has also been in evidence, and never more so than his drive to bring home the truth about the mess of the public sector where that truth would hurt most: on the shopfloor.

It required not just determination but also courage. First at the problem-plagued Alfasud plant near Naples, then at the lossmaking Breda steelworks in the "red belt" on Milan's northern perimeter. Sig de Michelis read the riot act.
But more concrete results

have come as well. A L6,000bn

plan to put the debt-ridden steel industry on its feet has been approved by the Government. Long-overdue collabora-tion between the public and private sectors (mainly in the person of Fiat) is at last under way in steel, telecommunications, energy and cars. ENI's deal with Occidental has been the biggest thus far. but foreign partners are also to be brought in soon to give new impetus to the telecommunications industry. Montedison, the ailing chemical

group, has also been fully returned to the private sector. All these achievements owe much, if not everything, to Sig de Michelis. With his round face, lank dark hair and tinted glasses, he has become a familiar figure on TV screens and the newspaper front pages. His background is in industrial chemistry, but since he threw himself into politics his ascent

has been swift, and today his domination of the socialist party in the Vento region is complete. Sig de Michells had long heen on the left of the party. However, his move behind the present leader. Sig Bettino Craxi. was vital for the latter's triumph over the Left wing to gain full control of

the PSI in 1980. A vital ministry, strategically placed where industry and politics overlap, was in part a recognition of his importance. Today it is importance, Today reckoned that Sig de Michelis is one of the few people of real influence in the narty who wes few debts to Sig Craxi. What he intends to do with that independence is one of the more fascinating questions

of Italian politics.

Steel sector pins hopes on merger

A MARRIAGE between public and generally technologically and private steel producers and advanced Teksid and the sprawize huge wedding gift in governing and inefficient-Finsider and private steel producers and a huge wedding gift in governing and inefficient-Finsion.

a huge wedding gift in governing and inefficient-Finsion.

ment money have been the two illustrate the woes that have in Italian exports came unusual major innovations in the Italian equally affected the both sides a surge in demand for petrol-steel industry's attempt to re-of Italian steel industry. Teksid erm industry equipment, percover from the recession dolonger from their \$1.68bn seamless tubing. Daimine, in Fiat's Teksid and the state steel company Finsider would jointly produce special steels and tubing was viewed with scepticism last autumn—a well-grounded fear since accord has only been detailed this month.

Both Teksid, which lost \$51m in 1980 and reported an even heavier loss for 1981, and Finsider, which lost nearly \$1.7bn, have long felt the need to shore up production in special steels, a sector where the highest profits are to be made but where foreign imports have the heaviest impact.

The merger will create one mixed participation rolled plate company (80 per cent Finsider, 20 per cent Teksid), one special steels company (51 per cent Finsider 49 per cent Teksid) as well as the cession of two small stainless steel companies to Teksid. Finsider reportedly has guaranteed L200-400bn in financing for the new venture as well as an assurance of metal parts for Fiat Auto.

The Government's gift for what one Minister described as "a complete re-ordering of the steel sector." consists of L8.568bn for Finsider over the next three years, including L4,000bn in Government-guaranteed loans, the rest in outright credits.

of Italian steel industry. Teksid saw its steel sales drop over 7 per cent from their \$1.68bn level of 1981, in part due to the slumping car market. While things have been bad at Teksid. Finsider again teeters on the brink of disaster. Losses for 1981, which seem to change with every new Parliamentary inquiry, have been estimated at \$1.7bn. While the company's executives like to point out that executives like to point out that turnover increased by 7 per cent (to nearly L11,000bn), the figure looks less impressive considering it is primarily due to a huge boost in tube piping sales (Dalmipa) and the constant of the c

mine) and the country's 20.5 per cent inflation rate in 1981. Output down

According to Assider, the association of Italian steel manufacturers, steel production dropped 6.8 per cent in Italy. In particular the electric arc furnace producers of Brescia, usually small but profitable firms, had to trim production by an average 10-14 per cent because massive increases in electrical tariffs.

Italian steel consumption dropped from 25.7m tonnes in 1980 to 21.7m tonnes. Yet the major nightmare of Italian steel manufacturers, a continued galloping increase in steel imports failed to materialise. Imports of nteed loans, the rest in out-ight credits. foreign steel dropped over 30 per cent from 8.7m tounes in The operations of the private 1980 to 6m tonnes last year.

tonnes to 10.7m. contrast to the irend apparent in almost every other of Einsider's operating companies en-

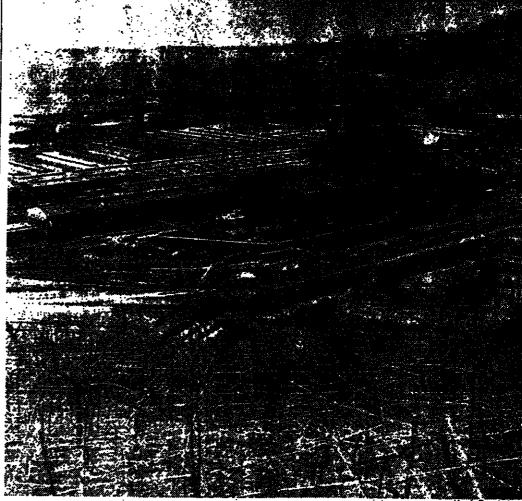
sider's operating companies enjoyed a boom year in 1881, thanks to a \$500m sale of 120,000 tonnes of seamless steel tubing (over five years) to the U.S. Steel group.

Daimine recorded its first profits in four years, jumping L113.6bn into the black after 1980 lesses of 184.8bn. Through 1860 lesses of 184.8bn. all manufacture for export.

Manufacture of tubing rose 17.4 per cent to over his topped The abundance of new cash es abled Delmine to recognish itself, raising its equity from L62.6bn to L1578.7bn. There is still some doubt

whether the Teksid Finsider pact or further massive govern-ment aid or the boom in petrol-eum industry sales will be enough to end the deep set woes of the Ballan steel industry. Assider warned at the end of 1981 that the proposed 40 per cent-plus price increases sug-gested by Euroder would not be enough for the Italian steel in-dustry if they were accom-panied by another round of mandatory production cuts. If so, 1982 might not prove to be the period of great recovery

Al Troner



The Italsider plant at Bagnoli, near Naples, one of Italy's oldest steel works, is. being modernised as part of an overall \$6bn plan to revitalise the sector which was approved by the Government last October

Chemicals wait for the government formula

FOR THE Italian chemical the targets for Montedison as ture using SIR's under utilized industry, the past months have seen the major companies waiting for Godot. The sector's massive reorganisation and refinancing into public and private roles has yet to emerge from the planners' desks.

While the private chemical giant Montedison and state-owned company ANIC both have progressed towards the eventual division of the sector, the sloth of the government has left chemicals largely in limbo, as they try to recover from the severe downturn of 1980. Aschimici, the association of

Italian chemical manufacturers, reported that despite a slight recovery in the third quarter of 1981, the industry as a whole contracted 3 per cent for the year compared with 1980. Not surprisingly, it was the primary chemicals sector that proved most sluggish, with production dipping 9 per cent over 1981, vhile secondary chemicals declined only 0.8 per cent. Even fine chemicals and special products gave uneven results -colourants showed production increases, while paints and home chemicals dropped back

notably. Yet Aschimici predicted that secondary chemicals which in-creased production 14 per cent over the disastrous previous year would continue above industry average growth. And this essentially explains the strategy behind Montedison's plans for revival in the 1980s.

The company hopes to reduce its primary chemical production to as little as 80 per cent of its total turnover by 1985. Rupert Cornwell Secondary and fine chemicals, of base chemicals production, and pharmaceuticals, will be particularly ethylene manufac-

it leaves base chemical production to Anic, the chemicals arm of the state hydro-carbon corporation ENI.

A pointer to the future is the performance of the group's pharmaceutical manufacturer, Farmitalia Erba, which in 1981 reported a profit of L40hn (£17m) on a turnover of slightly under IA00bn. Despite price controls on pharmaceuticals. Erba has proved to be one of the most consistently profitable clements in the Montedison

Changed emphasis

For Montedison, the changed emphasis did not come a moment too soon. While turnover in 1981 rose to L8,326bn from L7,278bn the year before, losses are rumoured to approach L650bn. The group's two-year L640bn recapitalisation will be cancelled if losses reach such levels, despite Montedison's new-found interest in concentrating solely on the chemical industry. The group's percentage of debt servicing charges in proportion to turnover remained a high 9 per cent in

Yet Montedison has not been the only company with difficulties. Anic, burdened by the integration of bankrupt com-panies SIR (Societa Italiana Resine) and Liquichimica, has been attempting to work out how base chemicals production will proceed throughout the decade under Government sponsored reorganisation. ENI's agreement with Occidental petroleum included revamping of base chemicals production. of base chemicals production,

capacity.

Montedison may cede its interests in the sector but its asking price has been rumoured to be L500bn, perhaps too much for the new joint venture company, Enoxy, to consider seriously. Enox had planned to win an 8-10 per cent share of the European ethylene market within its first year, as ethylene production is boosted from the present 30 per cent of SIR's capacity to 45 per cent (900,000 metric tonnes).

Exactly how backy ANIC fared in 1981 remains a mystery. Losses from the incorporation of SIR and Liquichimica ran to L840bn in 1980 and decreased to L610bm last year. ANIC proper lost more than Li20bn last year, down from its losses of Li30hn but still heavy. Turnover, increased by 13 per cent for the group to reach an estimated

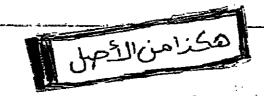
The chemical industry as a whole accepts that it is over manned and underproductive. ENI hopes to slim its labour. force by losing at least 8,000 at SIR slone, while the Itskin Confederation of Chemical Workers (FULC) estimates that as many as 13,000 posts

will disappear in 1983. Despite all these changes. within the sector, the key-

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ITALY IX

The ordinary Italian's hope of prosperity is reflected in these profiles of two of the principal cities.

Naples: verve and resilience

AS BLESSINGS in disguise go an earthquake comes in pretty heavy disguise. But for Naples the earthquake which came that Sunday evening in late November 1980 is turning out to be a catalyst of change—and not all for the worse.

True, this southern city remains the quintessence of Italy, a magnifying glass for the virtues and especially the vices of the entire country. Gang warfare has reached fresh heights; the unemployment rate well into double figures—runs high above the national average: poverty the national average; poverty and squalor are more visible than ever in a city which should hold no more than 1m people but into which 1.3m are crammed.

. The place remains as baffling as ever, its greatest asset its inhabitants, with their verve, resilience and theatricality. Naples is everything and the opposite of everything at the same time. The murder rate is running at over 30 a month and the comparatively innocuous cigarette smuggling has long been joined by far more sinister traffic in arms and drugs. Paradoxically, though, the word most to be heard these days is revival, even though a local political crisis now seems likely to be grafted on to the other to be grafted on to the other

endemic iEs of the city.

"Yes, the worst is over,"
says Sig Maurizio Valenzi, the city's 72-year-old Communist mayor. "Things are still very serious and there are many uncertainties. But you can see a new will, the psychological atmosphere has improved."

Balance

In fact the earthquake cost Naples relatively little in terms of blood — only 52 lives were lost there out of a total of over 2,700 victims in the area afflicted. But it destroyed the aheady fragile balance of the city. The celebrated "economic del vicolo," or the Economy of the back-alley, was thrown into disarray. The disorder of the place — above all its ex-ternal traffic jams—if possible greet worse. Even the intellectual community seemed to lose faith. The city was coming apart — and in Valenzi's words, action could be put off no

15,000 Neapolitans were classi-fied as homeless. The earth-Sig Carlo Malatesia; en quake quadrupled that number as the shock waves destroyed buildings which had not been particularly robust anyway. Schools buses, hotels, ships, even cargo containers were taken over as emergency lodgings. Transport, both public and

200 streets in the cramped centre were shut off as unsafe. In the months that followed only a small dent was made in these numbers.

The first real step towards reconstruction came in May 1981, with the approval of a \aw entitling Naples to build 20,000 new homes, two-thirds inside the city and the remainder on its outskirts. With an efficiency few believed possible, the city administration, supported by Sig Giuseppe Zamberletti, the special com-missioner sent in by Rome, set the wheels in motion,

A dozen sites scattered around the city's existing peri-meter were chosen and 700 construction companies from all over Italy were invited to come and tender. They in turn formed themselves into 12 groupings, one per site. Agree-ment took just a fortnight. Some projects are already prepared in detail, others are close

to being so.

Last November work began day.
on the first site, in Via Stadera, where 16 months ago a block of flats collapsed with the earthquake, killing two people. The whole programme, for which L1,500bn (£638m) has been allocated, should be complete in two or three years. Rome has already made over L450bn; the rest is scheduled to be raised by an international loan. On top of this programme is another for the repair of existing buildings. There is L300bn (£128m) available but another L500bn (£213m) is required if the 8,000 applications already authorised are to

be dealt with.

That indeed is the first of the three main uncertainties hanging over reconstruction. Many fear that as consciousness of Naples' needs diminshes the money will arrive more and more slowly. A programme designed to give a real facelift to the city is likely to prove in the end yet another botched job:

The second is much closer to hand, what Mayor Valenzi calls the "unprecedented" offensive of the Camorra, or underworld, as it seeks its slice of this very large money cake. Much of the local building industry is in the hands of this Neapolitan equivalent of the Mafia but they are

Sig Carlo Malatesta; engineer in charge of the Via Stadera project, was shot and wounded after he had brushed off underworld threats. At a lower level street gangs have been demanding L20,000 (£9) a month "protection" money from families still housed in con-



Fish stall in the poor quarter of Naples. The earthquake in the region resulted in a programme to give the city a facelift but there are uncertainties over the reconstruction plans

is the war between the gangs themselves. Last year the death total was 237; by the middle of this month it had reached 78, with a record of eight in a single

Tough

What is to be done? The most encouraging developments from Naples' point of view are the arrivals of a tough new police chief and a highly efficient Prefect (for the first time in many years), Sig Riccardo Boccia. The city administration is pressing for more police and an extension of the emergency anti-Mafia laws to Naples and the Campania region. Sig Rino Formica, the Finance Minister. has for his part ordered checks on the tax returns of 3,000 gangland figures — mindful, perhaps, that it was tax evasion, not murder, which put Al Capone into Alcatraz.

But there is much to do and the whiff of political protection and intimidation is still in the air. A fortnight ago Sig Raffaele Cutolo, acknowledged boss of the "Nuova Camorra Organiz-zata" saw a 10-year sentence halved on appeal, in dubious circumstances. Cutolo is also a prominent figure in a new scandal which is directly related to the third uncertainty over-hanging Naples — the risk of complete political paralysis. As it is the city is ungovern-

able by any of the formulas tried nationally — except that of a direct alliance between Christian Democrats and the Communists who replaced them in power locally in 1975. . Now. however, the administration of Sig Valenzi is threatened by a withdrawal of Christian Democrat support. The reason is a furious row over Communist. charges that Cutolo was used as

tainers. In the background there a mediator by the Christian is the war between the gangs Democrats for the ransom payment to release a local politi-cian from the hands of the Red Brigades terrorists last year. The fall of Valenzi seems likely — and early elections, that would again bring everything to a grinding halt, a distinct possibility.

The optimists believe that despite these perils the mood has changed. They point in parti-cular to the reform introduced by Sig Boccia revolutionising the city's traffic. It has cost nothing, offers no possibilities for the Camorra and above all has allowed the city to breathe again. Culturally too the city seems to be getting back on its

Naples has always been an in tellectual mainspring of the country (Benedetto Croce, Italy's greatest philosopher, came from there). But the earthquake seemed to paralyse every thing. Now Neapolitan theatre and opera are showing signs of new vitality. There are even signs that foreign tourists, scared off by the tales of dis-comfort and disaster, are gingerly starting to return.

But how long will all this last? Throughout its history the city has always embodied the extraordinary Italian ability to survive. The corollary though is that Naples now is too set in the ways of centuries to carry through the root-and-branch changes which Sig Francesco Rallo, head of the local building association, believes alone can make revival permanent. "The Neapolitans are quick to become enthusiastic but equally quickly dispirited if things don't live up to the expectations," he warns. It has to be recorded that he may be right this time too.

Rupert Cornwell

Italian Genius

In 1813, the proprietor of the local store at Le Roncole in the province of Parma celebrated the birth of a son. A few vears later he was to notice the little boy's devotion to music and engage the local organist to teach him. The child was Giuseppe Verdi. And his father's action was to set him on a path for which the world would pronounce him a genius.

Yet it was more than an ability to compose music that earned Verdi his fame. It was equally his meticulous attention to dramatic detail-to the extent that for the first production of his opera "Macbeth" he personally requested that the role of Lady Macbeth be filled by "a singer who did not sing but spoke words and understood their significance."

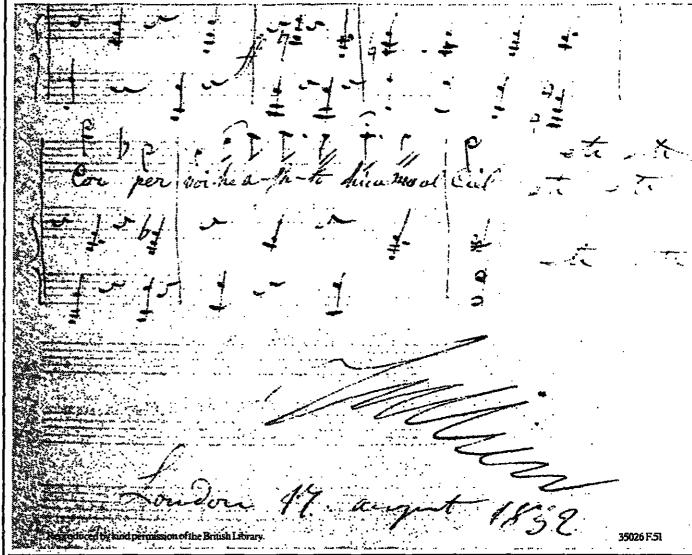
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national

FEW MAJOR cities in Italy feel as remote as Genoa. Because it occupies almost every available square inch of building land at the foot of barren and forbidding mountains its orientation is naturally towards the Mediterranean and foreign parts rather than to its hinterland. Genoese are reserved and self-contained like islanders and remarkably uniluted by infusions from outside.

Yet Genoa is vital to the rest. of Insty, being the country's leading port and forming along with Milan and Turin, the third leg of the country's original triangle. Turnels and passes adequately hink Genoa by road and raid to the main area its serves, the plains of Piedmont and Lombardy, so it ought to be in the happy position of being indispensable to, but aloof from, the rest of the country.

In practice, however, it suffers more than its fair share of the bad things of Italy and its dependence on Rome is not matched by any great influence there. Nearly a third of its labour force is employed by State-owned industries, almost all in declining sectors like steel and shipbuilding. The port is in difficulties for reasons which many Genoese attribute to an excess of the welfare state mentality at the featherhedded nationalised concerns next door. Private industry exists but

not on the scale or with the dynamism of the newly industrialised areas of nonthern Italy like the Veneto or Emilia Romgama. One reason is the shortage of physical space for expansion, in either Genoa or the coastal region of Liguria of which it is the centre. There are very nich families, operating, discreetly and obviously prospering, as the cascade of luxurious villas on the hillsides above the city testify. But according to a leading Communist politicism in the city, which is run by a Socialist-Communist coalition: "Genoa is declining for lack of entrepreneurs," (he added: "When we have Socia-lism there will not be any need

The city really lacks two charges. Genoa is said to be the several years of heavy invest-things at the moment: a single only port in the world where ment in new manufacturing figure—a mayor or other politi- the dockers stop work when plant as soon as the construcfigure -a mayor or other politi- the

successive layers of local government from region down commune the independence of them all is negated by their dependence on Rome for most of their income. When the Minister of Trans-

port recently decided to delay again a project to replace yet again a project to replace the primitive prefabs that are Genoa's airport terminal building, one city newspaper ruefully printed a list of all the Government Ministers and their places of origin. Genoa could only produce one junior Minister.

Prosperous

Yet some of the grumbling of the 800,000 Genoese is based more on disappointment at opportunities lost than at actual decline. The city is visibly prosperous, if more discreetly so than the wealthy parts of Milan, and in many respects its economy performed better last year than the average for the country. Electricity consump-tion in Liguria rose 2 per cent last year when consumption in Italy fell by 0.7 per cent. Layoffs were fewer, employment was up and the number of people looking for jobs down. The figures for the number of tele-

national average.
The economy of Genoa is unlike, for example, Turin, owned italsider group, which is dominated by the Fiat has a very modern large steel motor giant—but the port is plant at Genoa but is overstill its heart, and the main source of pessimism. Last year are on the way, the EEC pertraffic fell 7 per cent and the mitting, and the tough Minister port made a loss of L15bn. Gianni de Michelis, has been crude oil and bunkerage, but firm in challenging the grosser camples of restrictive labour. including all other bulk cargoes, totalled 15m tonnes last year, of practices. which dry cargo accounted for 6.7m tonnes, down nearly 4 per state concerns, Ansaldo and cent. Most of this fall could be accounted for by the recession, were there not evidence in heavy engineering and received a

different groups, and an influential Genoese at the national deployed. The port has prolevel to fight for the city's gressively lost business to rising interests. Such a lobbyist is neighbouring installations such essential in Italy, for despite as at La Spezia and Savona, and parent, is in plant engineering there are horror stories of Genoese manufacturers importing goods via the ports of Marselles or even Rotterdam. If Genoese concerns are spurning their own port, what about Italian companies elsewhere? The reasons for the weak-

esses of the port are depressingly familiar to anyone familiar with the problems of the older British ports entrenched re-strictive practices and a convoluted management structure, overlaid by political problems (there is a long-standing row over whether the next chairman of the port consortium should be another Socialist or a Christian Democrat. Meanwhile there is no one to press the central government to provide the finance for a new con-tainer terminal at Voltri, a little way to the west, which is badly needed if Genoa is to be able to handle large quantities of containers efficiently. The current situation does not suggest to anyone that a revolution in attitudes is just round the

The shipbuilding sector, which at Genoa is mainly in the hands of the state-owned Cantieri figures for the number of tele-phones and colour televisions of recovery, in common with per head are far above the national average. Navali Riuniti, shows little sign frecovery, in common with most other European shipbuild-ing concerns. There is some chance, however, of a turnround based on more than one pillar— in the fortunes of the state-unlike, for example, Turin, owned Italsider group, which firm in challenging the grosser examples of restrictive labour

More promising are two other of other problems.

These are low labour productivity and the effect of high lt is expecting to capitalise on cal leader—who could marshall there is a spot of rain, and there tion of new power stations in the competing interests of the are many other examples of Italy, both nuclear and conven-

parent, is in plant engineering and has been winning some impressive export orders in the past year, including one for the supply of a special furnace to United States Steel, a group not normally known for favouring European competition.

The energies of the private sector have recently been con centrated on property develop ment, with two very large schemes being proposed. One, involving among others the involving among others the Costa family (which made its original fortune in shipping), is for a large commercial and office development near the old port, overshadowing the light house which is one of Genoa's landmarks. The other is for a development near the centre of the city which would include Genoa's first large hotel and a new city theatre-ending more than three decades of argument about how to replace a building that was destroyed in World War II. The two projects are proudly described as the essential components of the Genoa of the year 2000.

Ventures

Both projects are, perhaps appropriately, by nature re-development, reflecting the fact that Genoa's geographical position leaves little room for completely new ventures. Nor, by an accident of history, are there at present the people to push through such things.

The Costa family is now run on somewhat collegiate lines. A decade ago the then head of it the late Sig Angelo Costa, was one of the two or three most powerful men in the city. He ranked alongside Cardinal Archbishop Siri, a man of great inbisnop Siri, a man or great influence in Italy and associated with the Christian Democrat Party. The cardinal is now over 75 and his political influence to said the cardinal influence to fluence is said to be diminished though he may have had some thing to do with the Pope's recent condemnation of the rate of illegitimate births and abortions and their bad church attendance record

James Buxton

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Heavy pressure on farmers' profits

IT IS THE intention of Confa- has been considerable, but as gricoltura, the Italian farmers' Confagricoltura points out, the Annon della Collina, or more pitious. prosaically The Year of the Hill. The organisation, which claims has in mind, to focus public and government attention on the

problems of hillfarming. That the issue should be tackled is not in doubt. Of Italy's total land surface, more than 40 per cent is classified as hilly, 38 per cent of the country's population lives there, and in terms of output, such terrain accounted for well over a third of Italy's total 1980 saleable farm production of L29,000bn (\$25.2bn). It is a sum equivalent to 8.6 per cent of total GDP, giving work to 13.3 per cent of the labour force.

Quite apart from its statistical importance, moreover, hillfarming is responsible for most of the specific problems of Italy's agriculture: its low productivity, its still fragmented structure, and the fact that the country is only 80 per cent self-sufficient in food. Hillfarming has been the biggest victim in the drift from force. countryside to the towns which marked the quarter century after the 1939-45 world war. Since the 1950s some 5m

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association, that 1982 will be the moment for a campaign is pro-

New industrial jobs are drying up, and as the latest census a membership of 250,000 self- shows, people are drifting away employed farmers, tenant far- from the cities, at least in the mers and share-croppers, has yet north—the mecca of the 1950s to make clear exactly what it and 1960s. Moreover, the enormous increase in prosperity in the last three decades has led to a sharp increase in the purchase of second homes-mainly in these hilly areas. The question is, how to blend this spon-taneous movement into an overall co-ordinated strategy to give new impetus to hill farming. and in a country where so much authority has been devolved away from the centre.

The scale of the problem is illustrated by preliminary returns for last year. According to INEA, the national institute agricultural economy, farm output in real terms dropped by 2 per cent in 1981, after a gain of similar size in the previous year. This reflects various factors: deliberate choices on the part of farmers to cut back on certain crops, a halt to expansion of livestock production, a drop in investments and a decline in the overall work-

The central reason, however, is undoubtedly economic: that farming is becoming less and Since the 1950s some 5m people have left agriculture, most of them from the unprofitable uplands where subsistence farming was the norm rather than the exception. The damage of the street of the str than the exception. The damage 15 per cent. In other words, the in terms of land degradation devaluation of the "green" lira



Hillside cultivation in the mountains behind the Ligurian Riviera

to show how Italian farmers had suffered particularly badly in the Community, came up with exactly contrary findings. Between 1973-74 and 1981 Italian farmers saw their real incomes rise by 3 per cent, the figures indicated

Among the old Nine, only the Netherlands and Belgium did (marginally) better. France, West Germany and Britain all saw their farmers' real incomes decline by over 20 per cent in the eight-year period. What the commission data does not reveal, however, are the regional disparities within Italy that they might conceal.

Only 23 per cent of the country is reckoned as plain-most of it in three places: the Po Valley in the north, the Pontine Plain south of Rome. and parts of the Puglia region in the south-east, although Puelia is handicapped by severe irrigation problems in certain areas. The Po plain in particular possesses efficient high-productivity forming stream. productivity farming, strong in the northern European products such as cereals, dairy produce and sugar beet, which command high prices under the Common Agricultural Policy.

secured by the Rome Governthe greater specialisation in ment in Brussels, and the purely Mediterranean produce—increases in farm prices last citrus fruits, olive oil, wine, tomatoes and so on. Not only is pace with inflation.

The figures incidentally imply

such produce far less kindly treated by the CAP, but the proa sharp switch in the previous trend. A study commissioned by uneconomically small and under-mechanised, while organ-countries which was intended isation for quality control and isation for quality control and

distribution, above all for export is mainly inadequate. Take, for instance, Italy's Take, for instance, Italy's system far more in keeping famous tomato industry south of Naples, the smallest holding and changes in existing inheritance which mechanisation would be viable is 30 hostares. The state of the same laws, which build from the state of the same laws, which build from the same laws, which build from the same laws. be viable is 30 hectares. But 15 tation into the system. is on the large size for the area. and on current economics a family can eke a living from one or two or three. No wonder

growers in Florida or California can produce tomatoes for 40 per cent of the cost around Salerno. Yet to rationalise the tomato industry — or for that matter almost any other agricultural activity of the Mezzogiorno — could cause a loss of jobs in an area already suffering from unemployment well above the national average of 9 per cent. Rationalisation would also preduction of co-operatives (2

Meanwhile, the consequences of the present shortcomings are there for all to see: the unsale able summer surpluses of certain crops which are destroyed for want of a market, and—in a wider sense—Italy's chronic trade deficit in agricultural produce. It should be noted however that, thanks probably to the recession, this deficit shrank marginally in 1981 to L5.554bn from L5,866bn in 1980,

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Unions facing a much bleaker future

difficulties mean we have got to have an open mind to what Italy's largest trade union do no more than confirm what has long been obvious: that the Italian labour movement after a decade of triumphs is now staring into what promises to be a much bleaker, and more hostile, future.

about 9m members, or 40 per cent of the country's total workforce-reflects the confusion to be found at almost every level of national life, and nowhere more so than in politics. But the deeper reason is economic. and the changed pattern of industrial relations in Italy. To understan this, it is necessary to go back 13 years, to the celebrated "hot autumn" of 1969 which sounded the death knell of the first post-war Italian economic miracle.

Those strikes ushered in a decade of constant gains by the unions, which ended with the average Italian worker being among the best protected in Europe. Job security was almost complete, while the Scala Mobile system of wage indexation, introduced following agreement between Sig Lama and Sig Giovanni Agnelli, Fiat chairman and the then head of the Confindustria Employers Association, ensured that pay more than kept pace with inflation.

Emboldened by success, and buttressed by the steady electoral gains of the Communist Party (PCI) Communist Party (PCI) through most of the 1970s, the union leadership assumed an increasingly political role. Economic and social policy was not only presented to the unions for their approval, it was in good part made by them. Simultaneously, the existence of the Scala Mobile reduced the importance of pay bargaining, the basic function of the unions, and favoured the switch in emphasis to social and broader economic problems.

Setback But in the last three years the

process has come apart. The first setback was that of the Communists in the June 1979 elections. Then, as the economy struggled with ever greater difficulty to cope with the concessions made before, for the unions it became a question less of securing new advantages but of hanging on to the ones they had. In autumn of 1980 matters came to a head with the fiveweek strike at Fiat, over the Turin group's plans to lay off for 18 months 23,000 workers about a sixth of the workforcein its car division.

As the dispute dragged on, it turned into a showdown between labour on the one side and private industry, anxious to restore productivity and profits. unions, however, have failed so In the end, following the "march far to come up with a conof the 40,000" through the centre of the city, demanding just the right to work, the dispute collapsed. Flat got what it wanted, and the unions still have not recovered from the

"WE MUS'1' not become employers: in part in the wake ers have yet to finalise their prisoners of the past," declared of the Fiat affair, but more Sig Luciano Lama. "Today's generally because of the recestrom the draft position it sion, and growing acceptance seems that they are aiming that private enterprise and above all at a cut in the workis new." Those words from the leader of the CGIL winding up the Congress last November of to adant to the barch accountry is to adant to the barch accountry is inflation. climate of the 1980s.

A second is political. Inevitably tensions between the various political parties are reflected in the relations between the "biz three," whose own political complexions are hostile, future.

In a sense the lack of direction of the movement — whose three large confederated unions, the CGIL, the CISL and the IIII. hoast between them sawkward dealings, both within the CGIL (athough PCI-CGIL (although PCIdominated it has a sizeable Socialist minority) and between

it and the UIL, smallest of the

three and which is aligned with

the Socialists and other small

"lay" centrist parties.

For all the efforts of the unions to insulate themselves from purely political developments, their efforts have had only limited success. The consequence has been a severe dent in their once united front-and an embarrassing failure to agree on basic issues such as pay strategy and improvements in working conditions.

Indeed, the very political involvement of the unions has led to a loss of contact with the rank and file on the shopfloor. Their failing in this area provides at least one of the explanations why far Left terrorism found Italy's northern factories such a fertile ground in the late 1970s. Another consequence has been the emergence of the "autonomous" unions, above all in the public sector and civil service, as rivals to the "big three" of the CGIL, CISL and UIL. The biggest of them, CISL, which claims more than 1m members, is little smaller than

the UIL. Just as the unions moved into the vacuum left by the politicians, so the independent unions, concentrating on breadand-hutter issues like pay, of real concern to the ordinary worker, moved into the vacuum left by their official counterparts. Inevitably, the CGIL, CISL and UIL have been forced, perhaps against their better overall judgment, to harden their own bargaining stances, to staunch the loss of support to the "autonomi,"

The movement's leadership is thus caught in a vice from which there is no easy escape: on the one hand it must be lougher to satisfy the aspirations of its members but on the other it knows that the facts of economic life mean there is little chance of success.

The uncertainty and disunity lie behind the present hiatus in dealings with both government and employers. Ever since he came to office in June 1981, Sig Giovanni Spadolini, the Prime Minister, has been bravely attempting to secure agreement with both unions and employers on a scheme to hold inflation to 16 per cent this year. The vincing agreement of their own on the subject.

The confusion has spread to the important three-year wage contracts coming up for renego-tiation this year, including the pace-setting deal for the coun-There are broadly three try's 1.5m metal and engineer-strands to their present discoming workers. Almost three fort. One is the much tougher months into the new contract's attitude adopted by Italy's theoretical life, the metalwork-

to adapt to the harsh economic on inflation and negotiations over contracts have now become entangled as both sides make clear that what they might lose on the one they will attempt to regain on the other.

Yet a further complication is the government's latest scheme for a reform of legislation on severance pay, which Confindustria has strongly criticised as representing a further unacceptable addition to its labour costs. As they did a year ago, the employers are now busily rattling the sabres of a possible unilateral withdrawal from the 1975 scala mobile agreemen!in the event either that the liquidation scheme goes through, or that no "satisfactory" agreement on keeping tory" agreement on keeping labour costs down is achieved.

Publicly, the unions claim that the employers are indulging in dangerous bluster, and indeed there is evidence of a split among the latter on the wisdom of breaking the indexation agreement before the deadline of June 30. Privately however, they are uneasy. Economic realities mean that some-thing soon will have to give and every sign suggests that it will not be the resolve of the man-agement. Nor is the outcome of the last showdown 18 months ago with Fiat, a very encourag-

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Until recently the railway network was not much different from what it was in the post; some lines were electrified, some others double-tracked, some new stations were set up, but all the post; some rest remained practically unchanged.

For many years the railway network was kept in operation only by means of ordinary maintenance of some special interventions intended to "parth up" the most evident gaps.

Today the planning is made with an eye to the luture. This trend—decided in the political relations.

The first was the oppose of European Integration. From the evolution of the European Integration.

retaions.

The first was the process of European Integration. From the stipulations of the Treaty of Rome much progress was made in this sense by the member-states in an increasing number of sectors. The European Parliament.

progress was made in this sense by the member-states in an increasing number of sectors. The European Parliament.

European Parliament.

This process necessarily demands an improvement of the transport system, which is one of the therefore, a modernisation of all transport facilities and structures in the Community area with a in this framework italy plays a prominant role, because of its geographical position. It is therefore would become a hampering factor on the road to European economic integration. It is therefore would become a hampering factor on the road to European economic integration.

The other reason for urgent modernisation of the railways was the energy crisis. The shortage of indigenous energy resources made it necessary to reduce to a minimum energy wester by carrying out a reconversion of our transport system. That means entraited entire the duration. Of all transport with respect both to the nature of the freight and to the journey. Thus, the decision was finally taken to re-launch railway transport by a series of financing plans.

Thus, the decision was finally taken to re-launch railway transport by a series of financing plans.

The first of these was approved by Parliament by law No. 17/1981, The plan has provided for an financial resources. It is therefore proper to ask how it will be spent.

The first of these was approved by Parliament by law No. 17/1981, The plan has provided for an financial resources. It is therefore proper to ask how it will be spent.

The rolling stock will be employed for the completion of the "test train line" flome-Florence: 160 termitory: 2,000 billion lire will be allored to the first stage of the plan has provided for an financial resource. It is therefore proper to ask how it will be spent.

The rolling stock will be substantially increased by putting into service approximately 3,800 toeches termitory: 2,000 billion lire will be allored to the first stage of the plans with talken offshore order to reduce to a minimum the risk of landslides and floods.

The r

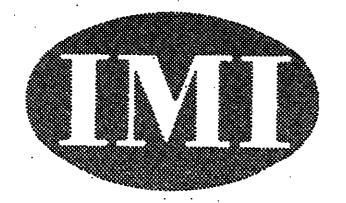
(Piemonte, Veile d'Aosta, Lombardie, Ligurie, Toscane, Emilie Romagna) -Ferrara - 2nd Unit

(Marche, Umbris, Abruzzo, Molise, Lezio) ---Terni --- 3rd Unit -Patenza — 4th Unit -Reggio Calebria — 5th Unit (Campania, Basilicata, Puglia) (Catabria, Basilicata, Sicilia)

The Department of Cagilari will be directly responsible for operations concerning Sardinia. In conjunction with these five special Units new operative structures were also set up, each of them with precise tasks, competences and responsibilities, in fact, it is advised that the great autonomous bodies, although with the necessary supervision and co-ordination of the Central

The five Units should accomplish the following tasks: Direct management and permanent control over the progress of the works under Period tractionality Minimum costs in terms of manpower and staff requireme

Smoother relations with regions and sectorial organisations improvement of the skills and capability of the personnel amployed.



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ISTITUTO MOBILIARE ITALIANO—public law credit Institute

Head Office in Rome (Italy) Paid-up capital: 500 billion lire. Reserves: L336,779,713,156. Funds: L599,559,658,828 (*)

* As of March 31, 1981

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strikes again

riding too. In a period of depressed share prices, aggressive financiers are buying significant stakes in the shares of companies which, though falling short of outright control, enable them to threaten the position of existing management. The black knight's aim is to inspire fear—even loathing
—in the breasts of beleaguered management, to the extent that they will go to extreme lengths to get him off their back. A prime example of a black knight is Carl Icahn. By build-ing a near 30 per cent stake in Marshall Field and making very threatening noises off stage, he has driven the Chicago retailer straight into the comforting arms of BAT Industries. If successful, BAT's bid will net

Icahn and his associates a very substantial profit. There are several other knights in this particular chapter of the round table. At their head sits Victor Posner, of Sharon Steel and others, the mention of whose names can threaten mass cardiac arrest in America's boardrooms. A num-ber of other financiers do a little profitable jousting on the side. They include Saul Steinberg of Reliance and Leasco fame, and Charles Bludhorn, whose Gulf and Western Industries was parodied as "engulf and devour" in Mel Brooks film, Silent Movie.

In theory, these financiers should perform a useful economic function. Their presence can have an electrifying impact on complacent managers, who either have to produce improved results or face the sack. In practice, the outcome can sometimes be rather different. U.S. law

Moreover, there are less asset stripping," it turned But now black knights are was seldom a creative art for And mergers or strate, which were primarily inspired by the fear of corporate raic seldom turned out to be will be seldom turned to be seldom tu

This brings us straight b to Marshall Field. Ever since fought off an attractive taked bid by Carter Hawley Hale 1977, independence has bee high priority of the pres management. In a bid to m itself more indigestible, company acquired a large n of stores across the T Yet at the same time, the cof the business—its flags store in Chicago-was losing way, and the company slip towards the bottom of the partment store league table terms of its return on ass and on turnover,

This sorry performation prompted a whole raft of cl actions from disgruntled sha holders, alleging among other things that managem breached its fiduciary resp sibilities by fighting off Carter Hawley bid. All same, its chief executive i no qualms in branding Icalm as a "notorious corpor opportunist," while only I month the Marshall board tended his employment of tract until 1985. Whoever winds up in cont

of Marshall Field will probab have to go some way towar reversing the company's recestrategy-an operation like to require a sledgehammer well as a scalpel. Maybe B. is up to the task—but it wou be no surprise if Marshall Fig. turned out to have other ide For the fact is that wh black knights are mainly into ested in short term dealing pa fits, managers of unsuccessi companies are usually main interested in preserving the jobs. The combination of t two is unlikely to make for

FOREIGN AFFAIRS

The Kissinger conundrum

By Ian Davidson

THE HORRID fascination of Dr and amateurish exploration" of Henry Kissinger's memoirs is that they so exactly mirror the public figure that we used to see so often on our television screens, jetting into some capital, emerging from some negotiating chamber, dominating some press capitars are confirmation. Thereafter, Chile was destabilised not by the U.S., but by the Chilean President. Whether or not Kissinger is massaging the facts at the marking some press capitars of the is cartainly straining. negotiating chamber, dominating some press conference:
clever, tireless, verbose, ponderous, pedagogical and insatiably insecure, and the whole conveyed in a style that gives new is the acute sensitivity with meaning to the word "prose."
To spend 1,200 pages in the company of such en autitive fleure. To spend 1,200 pages in the company of such an outsize figure is not unadloyed pleasure, but it is an interesting experience at a image that emerges is not that

ofits

is the contract of

The events described in the new, second volume are less glamorous than those recounted in the first. Whereas The White House Years chronicled Nixon's first term, with the opening of American relations with China, the conclusion of the first Strategic Arms Limitation Treaty with the Soviet Union, Treaty with the Soviet Union, and the settlement of the Vietnam War, Years of Upheaval covers a shorter period, until Nixon's resignation in 1974, and is sargely concerned with the Middle East war, the first on shock, the abortive Year of Europe — and Watergate.

Nixon-haters will no doubt pore over those passages dealing

pore over those passages dealing with Watergate, to see if they can catch out Henry Kissinger in trying to cover up his own involvement in the scandal. Not being an unconditional Nixonhater, nor an expert in all the ins and outs of Watergate, I can-not throw much light on this question, though it does seem to me that if Kissinger's role in. for example, the wiretapping episode, was as peripheral and subordinate as he says (and it may well have been), then he protests his innocence rather too vehemently—just as he did in his first volume.

The same goes for the fall of Salvador Allende, the left-wing Chilean leader who was wing Chilean leader who was moment I put my arm around succeeded by the Pinochet him, bridging in the end the regime. Kissinger argues that distance that had separated us Allende had far too little demoon the human level all these cratic legitimacy to justify his years. Nixon does not report sweeping left-wing programme, it in his memoirs. So perhaps but asserts, at length and with passion, that it was not the intervention of the U.S. which

brought him down. Well, there was a "haphazard great tenderness.

a military coup, but it was called off before Allende's inauguraan interesting experience at a certain level; among other things, it prompts the question whether his achievements were ever as great as they were once eracked up to be.

Implementation image that emerges is not that image that emerges is not that of a cool practitioner of real-politik, a ruthless bureaucratic bully, but of a deeply insecure bully, but of a deeply insecure man, conscious of being a brilliant arriviste precariously at the interface between placed at the interface between the realities of power and the rhetoric of American democratic values.

This is perhaps why he gives such a charitable portrait of that other arriviste, Richard Nixon, in whom he finds error, weakness and a dislocated personality, but whom he refrains from condemning. For all his international fame, Kissinger remains conscious of his subordinate role as a presidential appointee a foreigner. to boot — and in awe of the presidential office.

In the closing scenes of the "a few suggested I invoke the Twenty Fifth Amendment to the Constitution and declare the President incapacitated. thinkable. It was not only that a presidental appointee had no moral right to force his President to resign; it would also be an unbearable historical burden for a foreign-born to

When Kissinger describes his last tête-d-tête with Nixon in the Oval Office, the bombast and the mangled metaphors slip away, and he writes what seems the only deeply felt passage in the book. "What I remember is that at that moment I put my arm around it did not happen and I only felt like doing it. It makes no



"The image that emerges is not that of a cool practitioner of realpolitik . . .

It makes a poignant contrast with the rest of the book, in every manoeuvre is meticulously chronicled, every meeting timed to the minute, and every diplomatic conversation recounted with the confidence

of a film treatment.
On the public stage, Kissinger has implicitly made a rather large claim: that he (and Richard Nixon) were for the first time able to give America a coherent geo-strategy, and to carry it out. It is not entirely clear, either with hindsight or from Kissinger's book, that this claim is fully justified. No one can deny that he was an absolutely tireless, and remarkably successful, negotiator: with the Russians over nuclear weapons, with the North Vietnamese over the ending of the war, with the Israelis and the Arabs over their disengagement. But it also seems that the strain of seizing control of these negotiations, and of conducting them personally, may have been too great to permit much time or effort for thinking about the larger strategy.

real difference. At the moment but indirectly he concedes the application of common sense of his fall, I felt for Nixon a point in an astute analysis of and the commitment of great tenderness. . . ."

The only structural

their American counterparts. In

the interest of "total return,"

self-defeating inflation, or both.

The great sadness is that, per-

sistent exhortation having failed, the only viable method of cutting real wages has included use of the distasteful "weapon" of unemployment.

The objectives of "monetarism," as it is applied in this country are, in my belief, both

logical and economically neces-

sary for a time. It is both absurd and misleading to imply

anything sinister. F. K. Malcolm.

Edinburgh.

Inveralment Drive,

I hope they remain so.

Penicuik, Midlothian.

Grange Dell.

R. A. Hammond-Chambers.

to handle foreign policy issues. "Americans traditionally have seen foreign policy less as a seamless web than as a series of episodic events or discrete self-contained problems, each of which could be dealt with by the application of common sense and the commitment of resources. . . The American perception of international affairs has traditionally been Manichean: relations between states are either peaceful or warlike-there is no comfort-

able position in between." A case in point is the Middle East war. The massive American airlift to Israel, and Kissinger's remorseless shuttle diplomacy between the antagonists, undoubtedly tipped the balance first in favour of a

ceasefire, and then in favour of disengagement. doubtedly, too, Rissinger gives way to an unholy glee over the manner in which the Russians were faced down, and elbowed out of any significant role in personally, may have been too the conclusion of that war. "Only we could deliver." The question is whether what arger strategy.

Kissinger never admits this, marily episodic, through "the conclusion of that war. "Only we could deliver." The question is whether what arger strategy.

America delivered was not primarily episodic, through "the conclusion of that war.

changes which have taken place in the Middle East in the slowly sinking, he still seems not to grasp the inappositeness of the enterprise when France eight years since then have been brought about by the local actors, starting with President had an ultra-Gaullist foreign minister (Michel Jobert), Britain a prime minister de-Anwar Sadat

There may have been good and sufficient reasons—starting with the efficiency of the negotiating process—for jostling the Russians out of the disengagement talks. But while one can only endorse Kissinger's rejection of traditional American Manicheism, it is hard to feel that he had worked out an effective general stra-tegy for handling U.S.-Soviet

Take the notorious concept of "linkage." Kissinger rightly Senator Jackson's attempt to use trade negotiations as a lever to secure a change in an internal Soviet policy (emigration), but he clings to the view that linkage can be used to moderate external Soviet policies. Yet his position here is not coherent, nor is it consistent with experience.

solipsistic ignorance. For all his undoubted cleverness, Dr Henry Kissinger is a very allows companies to buy their own shares, and in a number of cases managements have "We did not believe that trade by itself could moderate Soviet conduct.... We believed, however that Soviet retaint strange man. Years of Upheaval by Henry Kissinger, Weidenfeld and Nicolson and Michael Joseph, taken advantage of this to buy out the black knights at a premium. In this way, they protect would be more solidly based if £15.95, 1,283 pages. their own position by enriching

reinforced by positive induce ments, including East-West trade." I am not sure if, in

policy terms, this means any thing, but the record of Angola

Ethiopia, Afghanistan and Poland suggests that the Russians do not see linkage in

even the minimalist terms of Dr Kissinger. More recently, he has taken a much harder line, opposing high-level U.S.-Soviet contacts because of the crack-down in Poland; but this comes

oddly from a man who was,

quite rightly, prepared to go anywhere and meet anyone

By implication, Kissinger blames the shortcomings in his

East-West strategy at least partly on the slow erosion of President Nixon's domestic

standing in America. Much more baffling is Kissinger's mis-handling of transatlantic rela-

tions, with the debacle of the notorious Year of Europe. Not

merely does he not give a plausible explanation of why

anyone felt it would be useful

to try to drum up a reaffirmation of American leadership of the

alliance, at a moment when the Vietnam "settlement" was fal-ling apart and the President

termined to give top priority to

the new European relationship (Edward Heath), and Germany

a chancellor bent on developing his new Ostpolitik (Willy Brandt).

Even without this constella-

tion of personalities, there are structural tensions in Europe

between national sovereign

interests, fumbling and reluc-

tant progress towards closer political and economic integra-tion, and the dependency of the

transatlantic relationship. But

to launch, in those circumstances and with those political

figures, a rhetorical exercise

designed to prove that America

was still loved, was a remark

demonstration

when he was in office.

Letters to the Editor

After-tax profits are the property of shareholders

From Mr R. Hammond-Chambers

Tests of Opec's

From Mr K. Shilleto.

Sir,—As one who appreciated the potential of the Organisa-

tion of Petroleum Exporting

Countries in the early 1960s sympathised with the members

just desire to wrest control of

their sole natural asset from the

major companies, I was never

tion's ability to hold the line at

The recent fall in crude prices

in any doubt of the organisa-

represents the first major crisis to test Opec's unity and, had it been found wanting, it

might well have closed up for good. There is no alternative to

unity on a demand crisis issue for such a cartel. Opec members,

for such a cartel. Opec members, however they may be represented in the media, are well aware that under present market conditions only proration—a term of Texan derivation—can save them from irrevable loss of income and aventual individual impoverish-

eventual individual impoverish-

ment. Admittedly, proration has been on the agenda of Opec meetings since the early 1960s and no real progress has ever been made, but then no real threat has ever been posed,

The interests of Opec mem-

bers are seldom firmly aligned, except in defence of their major

income source Long term marketing strategy has been discussed and committees estab-

lished to develop a policy but no overall plan appears to have been presented at formal Opec

meetings for much the same

certainly increased internal strain as another point of the compass comes under sectional

nationalist pressure but, in the

to the organisation. For the

reason-divergent needs.

Sir - Lex (March 22) examines the pros and cons for important point seems to be the payment of dividends out missed; the after tax profits of of company profits to share-holders. It is a subject that is receiving increasing attention pany. The dividend is the receiving increasing attention in the United States where board room attitudes are governed by the principle of paying as little as directors can decently get away with. Many of the arguments used by corporate management are those brought up in your article, most important of which are that dividend income is a tax-inefficient form of return and that

companies can use the money better than the shareholders.

In all of the debate one shareholders' pay cheque and the attitude to the payment of dividends by company directors should be turned upside down -what justification do we have for not paying out all of shareprofits to share-

holders? The only justification for shareholders not receiving dividends is that the retained

present it is not so imperilled even if serious fissures were

beginning to show in the Klon-

Sir, - Mr P. Wright (March

19) has presented a very clear and logical analysis of the eco-

and logical analysis of the eco-nomic aims of "monetarism." It is a pity that he has had to overlay his argument with Marxist simplicities that stop the analysis at the time-honoured, but emotionally con-

venient, barrier between labour

Of course the Government's

strategy is to cut inflation and reduce real wages. And of course the intention is to restore to profits a greater share of national income at the expense of wages. These are not, however, crude political chieftings sufficient in them.

objectives, sufficient in them-selves, rather they are the obvious response to a reverse trend which, within the past two decades, has virtually wiped out real profits, has seen

the pouring of scarce resources into consumption and imports,

has encouraged escalating in-flation and led to diminishing

productivity. Consequently, as real profits have not been earned and the cost of scarce

capital has been high, invest-ment has not risen fast enough

to support the necessary num-

from consumption in order to

sistain and increase production

ber of jobs. In other words, Expanded membership has if you fail to accumulate ertainly increased internal adequate capital—taken as strain as another point of the resources voluntarily withheld compass comes under coefficial

end, only oil prices rising out of (and it doesn't matter who control can pose a mortal threst owns these resources) — you

2 Mulberry Close, Beaufort Street, SW3.

dyke years of 1979-80. D. Shilleto.

The objectives

of monetarism

and capital.

From Mr F. Malcolm

British Aerospace ciosures profit is capitalised in the share price. For the shareholders of From Mr. E. Rouse the vast majority of the For-tune 500 companies in the Sir,-Once again, it appears the Midlands part of the British United States, retained profits

aerospace industry is to be sacrified on the altar of over the past 15 years have not been reflected in added market iniquitous Government decivalue so that the shareholders sions and the inability of manhave lost 15 years of the agement to obtain changes to retained profits not paid out to these decisions. We are not going like lambs to the sacrificial slaughter. We Happily for British investors, British directors are much more dividend conscious than

are determined to see justice Why, with £73m profit ex-

pected, is any closure neces-sary, particularly a unit which has consistently over the years been more viable than many

Why do we have to buy American Trident—at the expense of our own industry and the Royal Air Force? Why do we have to compete with unfair competition from maintenance units most of whose overheads are met out of

Government funds?
With the vast amount of money being poured into other "British" corporations why cannot some be allocated to British Aerospace for service/ modification work? We do not ask for cash handouts.

Some sites are desperate to get work carried out—Bittes-well has some, why not the rest? Other work is still being manufactured outside British Aerospace.

11 Ivybridge Road

Chomping at the Stypechale, Coventry From Beth Cockburn-Smith

Sir.—Why does Christopher Driver (editor of the Good Food Guide) exhort the English pub-lic to jump onto ferries and eat in the Channel ports of France? He should, on the contrary, encourage British people to be more like the French, i.e., habitual (and demanding!) eaters out. It is only with full tables that English restaurateurs can achieve profit with narrow margins.

I often have French visitors champing happily in my restaurant—but nobody reports this on the media. Why do I have to look at TV news items with Englishmen eating in France?

Mr Driver bites the hand that feeds him. And anyway, I consider knocking Britain to be Dassé.

The French have a marvellous tradition of fine cuishe. But Beth Cockburn-Smith. Beth's Restaurant, take away jobs, or you have Hamble, Hants.

What K stands

From Mr M. Connell
Sir,—Mr Bullen (March 19)
has, I am afraid, been somewhat misled concerning the origin of "K" to represent 1,000. My understanding is that it has always represented 1,000 as in kilogram, kilometre, etc., as indicated by Mr Griffin

as indicates (March 16).

The use of the term "K"

The use of the computers the computers are The use of the term "K" with regard to computers is used as an approximation and refers to kilobytes or kilobias depending on its context. Computer personnel, in their search for jarson and brevity, prefer the phrase "64K memory" to "65,536 kilobir memory" and in the computer would this is in the computer world this is widely understood. Even more strange, but just as widely used, is the word "core" instead of talent or enthusiasm — and our own raw ingredients are super.

Beth Cockburn-Smith museums. M. P. Comell. 10, Woodcote Grove Road,

Over the past years Sun Alliance has gained a reputation for excellence within the life and pensions sector of the insurance

For instance, holders of Sun Alliance with profit policies again benefited in 1981 from the continued good performance of the Life Fund. And Sun Alliance linked funds achieved outstanding results, a fact substantiated by the Money Management and Planned Savings year-end analyses.

It is this track record for proven investment performance that forms the foundation for the ever growing confidence in Sun Alliance as a company, by brokers and clients.

In the case of brokers, that reassurance is strengthened even further by the high quality support they receive. This includes extensive marketing back-up and co-operative direct marketing schemes specifically designed to meet the needs of individual

This marketing activity covers the full range of Sun Alliance's competitive life and pensions contracts. It is supplemented by new product development that keeps Sun Alliance right in the forefront.

All this is backed up by a nationwide network of branches providing efficient administration and technical support services. The final foundation for confidence is Sun Alliance's long

established reputation for financial stability. So move securely ahead with Sun Alliance, the company you can use and recommend with complete confidence.



Sun Alliance House, North Street, Horsham, West Sussex RH12 1BT

Dates when some of the more important company dividend

PENDING DIVIDENDS

ACC recommends holders Jebsen Drilling to join to delay accepting offer USM: sees £15m profits

BY JOHN MOORE, CITY CORRESPONDENT

SHAREHOLDERS of Associated Communications Corporation, the entertainments group which Mr Robert Holmes à Court is seekby ACC directors to take no action before April 5. If by April 5 "no better offer has been announced," then the directors advise acceptance of the ing to take over, have been told offers from Mr Robert Holmes a

In a circular issued at the th a circular issued at the Interima: Bridport-Gundry, Habita weekend, shareholders are told Motherare, James Halstead, Nolton. that Mr Holmes à Court, the chairman and chief executive of ACC, and also TVW Enterprises, the group through which his £60m bid is being made, "has not board's deliberations on the offers or in the formulation of the board's advice to you con-tained in this letter."

The circular also discloses that the group's Classic Cinema chain is to be sold to The Canon February 17 1982.
On that date ACC and Classic, which owns 66 cinemas and 126

Cannon. It was conditional on the consent of the Panel on Takeovers and Mergers granting approval, which has been gained. The disposal was also condi-tional on the redemption of the first mortgage debenture stock of Jutereuropean Property Holdings, the group which ran in Classic chain and which ACC The redemption of the

		UI	
SPAIN			
			ਮਜ਼ 26
	1-82		Price
High	Low		2
347	251·	Sanco Bilbao	342
348	280	Banco Central	339
320	229	Banco Exterior	302
330	239	Banco Hispano	314
128	110		
		Banco Ind. Cat	110
383	284	Banco Sentander .	341
219	148	Sanco Urgurjo	204
368	263	Banco Vizoaya	351
252	203	Banco Zaragoza	241
165.5	82	Dragados	153
75	45	Espanola Zinc	60.5
72	55		61
_ 55	_ 22	Gai. Preciados	36
82.7	61.7	Hidroia	63
62.5	50	iberduero	52
102.5	70	Petrolegs	92.9
104	70	Petroliber	99
102	ă	Conofies	~

ROADO METTINOS

MALINE II	
The following compenies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not avaisable as to whather dividends are internal or finals and the subdivisions shown below are based mainly on last year's timetable.	

Applevard. Charterhouse

of ACC. The book value of the assets to be sold is approximately \$10.1m.

to reduce ACC group bank the TVW offers. The sale proceeds will be used

forecast that they are confident "that measures taken in the current year and income from April 13 film product recently released 1 offer, will provide an improved basis Retain for the performance of the film production and distribution division in the next financial year, dividends will not be paid for some time." No dividend will

ment status."

TVW is offering shareholders rights issue. 110p per non-voting share bid-offer number 1—providing it gains 90 per cent acceptances, and a fallback offer worth 95p per non-voting share which will control-offer number 2.

Telefonica 77 under the articles of association. each ordinary non-voting share Union Elect. 62.7 Under the higher offer they of ACC.

IRELAND

U.S. \$50,000,000

Floating Rate Notes Due 1988

In accordance with the provisions of the Notes.

notice is hereby given that for the interest period

from March 29, 1982 to September 29, 1982 the

Notes will carry an Interest Rate of 15½% per annum.

The interest payable on the relevant interest

payment date, September 29, 1982 against Coupon No. 3 will be U.S. \$7,922.22 per Note.

Agent Bank:

Morgan Guaranty Trust Company

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o the Stock	interims—
are usually	London & Prov. Shop Centr
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subdivisions	Aquascutum
inly on last	Bank of Scotland
	Desoutter
	Gill and Duffus
	Lec Refrigeration
17-4:4-4	Legal and General
y, Habitat	
f, Nolton.	Midland Industries
harterhouse	Phoenix Assurance

stock took place on March 25, could receive around £4.40p for participated in any of the ACC Immediately prior to the come each of the shares, and under board's deliberations on the pletion of the disposal, the the lower offer £3.80 per share. offers or in the formulation of Classic Cinemas subsidiary will Shareholders have "at present the board's advice to you contake over the operation of the three choices of action" says the

to accept either or both of

The directors observe that if The circular details the fore- shareholders sold in the market cast loss for the year ending prior to the first closing date of March 1982 at ACC of £30.5m. the offers, namely April 13, they The directors warn that although may be able to obtain a price they stated at the time of the higher than the 95p TVW No. 2 offer. That offer is more capable of becoming unconditional on April 13 than the 110p TVW No.

Retaining the holdings would enable shareholders to benefit from any subsequent better offer that may be made for their

If the number 2 offer becomes be paid for the current financial unconditional shareholders would have a limited period in which It is unlikely that any divi-dend will be declared for the remain a minority shareholder next financial year "save for any nominal dividend necessary to maintain ACC's trustee investent status." TVW states, ACC may raise Under the terms of the bid additional funds through a

Accepting either or both of the TVW offers could well produce the best price, unless a better offer is made. Heron Corporation, Mr Gerald become effective if it only gains Ronson's private company, has control—offer number 2.

Voting shareholders will top TVW's offers. Already it Voting shareholders will top TVW's offers. Already it receive a price for their shares has made two offers for the carefully related to a formula group, the last being at 90p for

Securities Market this week.

Formed in 1979, the company operates three semi-submersible rigs in the North Sea. Last April, a private placing of Jeb-sens Drilling's 16m shares raised £13.6m from UK institutional investors. Some £8.6m of this was applied towards the purchase of a controlling stake in a dynamically positioned drill ship, which is under contract to Petro-Canada Exploration.

In the year to December, the ompany reported pre-tax profits of £8.7m on turnover of £30.7m, against pre-tax profits of £0.5m on sales of £13.4m in the year previously. The group's drilling upits are all contracted for 1982. As a result the group forecasts profits for the year to reach £14.9m. It intends to pay a net dividend of 17.5p for 1982.

Standard Secs.

Exchange quote

The prospectus is published today for the flotation on the

The group, which was formed in 1971, is coming to the market by way of a placing of 2.2m

ordinary shares. At the placing

price of 136p per share, it is capitalised at £15.6m.

Net assets have grown from £145,000 in 1971 to £19.5m. Pro-

perties were valued at March 12.

Profits of £0.5m are forecast

for the year to September, 1982

and a dividend of 1.4p is to be

recommended. The placing has been arranged by Hambros Bank,

and brokers are Rowe and Pit-

Times last Friday.

FT Share

Information

seeks Stock

date were valued at £69.6m.

1,700 shares.

seeking that listing.

the company are Hoare Govett.

comment

Jebsens Drilling, the North
Sea drilling group formerly part
sheet at December 31 1981, shows it, so it opted for the USM. Only
of Kristian Jebsens Rederi, a shareholders funds of £18.79m three years old, Jebsens has
major Norwegian shipping and long term debt of £45.7m grown up quickly, thanks to its
group, will join the Unlisted the group's fixed assets at that
parent, the KJR group, one of the largest Norwegian shipping Mr Atle Jebsen, chairman of groups, and owner of a fleet of the KJR group and Jebsens 70 ships. JD's profits will be up Drilling controls 6.6m of the by 70 per cent this year, as all of shares or about 41 per cent of its ships are under contract. For the equity. Mr Inge Steensland, the time being, the woes of the a director of Jebsens, owns a oil industry should not affect JD further 1.8m shares, while Mr too badly—these contracts should David Gauit, also a director, owns cover costs until 1984. JD's costs, however, are very high, due to The directors of JD hope to large borrowing undertaken to obtain a listing for the shares on finance the construction and purthe Stock Exchange within two to chase of its ships. Borrowings, at three years, and do not plan to £45.7m, outweigh shareholders reduce their holdings prior to funds by a factor of more than two, and are secured against the Dealings on the USM will ship. Any steep decline in drill-begin on Thursday. Brokers to ing activity over the next few years and JD could belong to the bank. The shares were privately placed at 300p last year, but the Although Jebsens is large softness of the oil industry indi-enough to go for a full Stock cates that trading should begin Exchange listing, it does not have at a discount to that price.

London Life holds bonus

Life Association, at 45 per cent of attaching one of the very few mutual life bonuses for the first half of 1982 companies that does not pay Thus for its main contracts companies that does not pay Thus for its main contracts commission to intermediaries, is London Life has kept unchanged maintaining Stock Exchange of Standard Securities, a fast-growing pro-perty company. cent of the basic benefit and life companies not to attaching bonuses.

However, the bonus on the simple bonus pension series is The Sun Life Assurance increased by £1 to £10.50 per Company of Canada has cent of the basic benefit.

The rates of reduction on the bonus rates applicable on April Reduction of Premium series remain unchanged.

maintaining its compound both its reversionary and ter-reversionary bonus at £5 per minal bonus, one of the very few increased at least one of its The Sun Life Assurance

1. The bonus on the sum assured is kept at £4.40 per cent, but the The company also kept its rate applied to attaching bonuses terminal bonus rate unchanged is lifted 30p to £5.70 per cent.

THE TRING HALL **USM INDEX** 120.9 (unchanged) close of business 26/3/82 BASE DATE 10/11/80 100

LADBROKE INDEX Close 552-557 (--5)

man. A comment on Standard was published in the Financial

The following securities have been added to the Share Information Service: Nationwide Building Society 161 per cent (17/1/83) and 151 per cent (7/2/83) (Section: Loans—Building Societies). Sheldon Jones (Industrials).

SHARE STAKES

Dorada Holdings—Eritish Car Auctions has acquired a further 100,000 shares and now holds 825,000 (8.07 per cent).

ALLIED IRISH BANKS LIMITED U.S.\$30,000,000

Floating Rate Subordinated Notes due 1984 In accordance with terms and conditions of the Floating Rate Subordinated Notes due 1984, the Rate of Interest for the Interest period from 30th March, 1982 to 30th September, 1982 has been fixed at 15½% per annum. The Coupon Amount of U.S.\$80.50. will be payable on 30th September, 1982 against surrender of Coupon No. 11.

29th March, 1982 urers Hanover Limite Agent Bank

Jebsens Drilling plc

(Incorporated in England under the Companies Acts 1948 to 1978 — Registered Number 1411484)

Share Capital

Issued and Authorised Ordinary Shares fully paid £4,000,000 of 25p each £4,000,000

Application has been made for grant of permission to deal in the Unlisted Securities Market on The Stock Exchange in the abovementioned securities. It is emphasised that no application has been made for these securities to be admitted to listing.

Particulars of the rights attaching to these securities are available in the Extel Statistical Service and copies of such particulars may be obtained during business hours on any weekday (Saturdays and public holidays excepted) up to and including 19th April, 1982 from:



Hambros Bank Limited Hoare Govett Limited 41 Bishopsgate,

Heron House, 319-325 High Holborn, London, WC1V 7PB.

RECENT ISSUES

EOUITIES

Jasue price p	Amount paid up	Renung. Date		1/82 Low	Stock	Ologing Bride G	+ or	Divi p.	Covered	Gross	Ratio
15 80 - 499 \$120 1 1 \$150	F.P. F.P. F.P. F.P.	5/3 - 16/4	25 38 93 134 53	27 89 127 47 137 30 391 ₂	Cambrian & Gen. 7 pp *Eldridge Pope £1 Fleet Holdings 20p Greenfriar Warrants *Imm. Bus. Sys. 10p Leisure Inds *Majaysian Tin 5p	370 231 <u>2</u> 37 92 134 50 165	+12 +2 +5	b5.5 b5.0 bd1.5 F1.4 b3.5 4.51		3.7 - 5,3 1,3 6.7	9.4 11.0 17.6

FIXED INTEREST STOCKS

issue price £	Amount paid up	Latest Renuno date		31/2	Stock	Olosing price &	+ <u>.</u> 0
	₹8	 -	High	Low		9 2	
100 100 100 99.532 99 100	£25 F.P. £10 F.P. £30 £10 F.P.	22/3 29/4 16/4	101g 103 291g 113g 1003g 1024g	101 ₂ 99 291 ₂ 102 ₃ 100 100 ₀	Barclays 16g Ln. Stk. Boddingtons Brew 91g Cnv. Ln. 2900,06 Bristol Water 9g Pref. Hunting Pet. 10g Cnv. Ln. 1997	101 ₂ 99 291 ₂ 114	

"RIGHTS" OFFERS

	Issue 3		Ren	test unc. ata	198	31/2	Stack	Glosing price p	+ 01
	2	₹ă.	•		High	Low	9,000	충효	
	70 40 80 150 A32,25 74 110 11	F.P. F.P. Nii Nii F.P.	15/3 8/3 29/3 22/3 	23/4	42 57 198 26pm	40 50 164 12pm 24pm 134 33pm	*Ciyde Petroleum *Energy Finance 10p First Castle 10p Hunting Pet. Services	40 54 184 23pm 27pm 158	*****
- 1	; I			•					,

Renunciation data usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on toli capital. g Assistaed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prespectus or other official estimates for 1982. Q Gross. T Figures assumed. & Figures or report swaited. ‡ Cover ellows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Plecing price. p Pence unless otherwise indicated. ‡ issued by tander. Official to holders of ordinary shares as a "rights." ** Issued by way of capitalization. §§ Reintroduced. ¶ Issued to former preference holders. Maloument letters (or fully-paid). Provisional or partly-paid allotment letters. With warrants. If Dealings under special Rule. § United Securities. With warrants. If Dealings under special Rule. § United Securities. With warrants. If Dealings under special Rule. § United Securities. Market. ‡ London Listing. ‡ Effective issue price efforts. I fromenty dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap shares.

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially published. It should be emphasised that dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year." Date ment last *APVMer 30 Final 5 2 BAT Inds.Asr 29 Int. 6.5 Babboock Intl. ..Mar 31 Final 3.6 Scotland., Apr 13 Final 9.5 Hephurn...Apr 15 Final 1.4 General...Mer 31 Finel 6.0 London Brick... Apr 8 Final 2 832 Low and Boner Mar 29 Final 2.5 Hodge...Apr 14 Finel 1.5 Blue Circle Inds....Apr 29 Final 10.0 (John)...Apr 22 Fme) 50

Booker McConnell...Mar 30 Final 1.875 Crucible...Apr 15 Fmal 3.0 BowsterApr 6 Finel 7.25 Aerospece...Mer 30 Final 4.8% Estates...May 5 Final 1.69 Assurance...Apr 14 Final 13.0 Brown Boveri Kent...Apr 10 Final 1.2 Brown Brown
(Matthew)...May 7
(Matthew)...May 7
(Matthew)...May 7
(Matthew)...May 7
(Matthew)...May 31
(Matthew)...Mar 31
(Matthew)...Mar 31
(Matthew)...Mar 32
(Matthew)...Mar 33
(Matthew)...Mar 31
(Matthew).. Royal Bank Scotland May 7 Int. 2.4
Ruberoid Apr 9 Final 2.65
Rugby Ponland Cament. Apr 5 Final 2.6 Metal...Apr 14 Final 2,5 Fight
Refuelling...Apr 23 Final 2.8
Franch Klar ...Mey 5 Final 2.3
GREMer 31 Final 8.6
Gerrard and Metropolitan...Apr 8 Int 1.25
Senior Eng. ...Apr 8 Final 0.75
Simon Eng. ...Apr 27 Final 8.0
Smiths Inds. ...Apr 14 Int. 3.7
Smith (W. H.) Apr 21 Final 3.2
Standard and
Chartered...Mar 30 Final 20:5
Sun Alliance ...Apr 7 Final 18.0
TamperApr 28 Final 10.5
Taylor
Woodrow...Apr 9 Final 10.157
Telephone Nat. Disc....Apr 27 Final 9.0

(Matthew)...May 6 Finel 6.552 Telephone
Rentele...May 5 Final 6.25
Tozer Kemsley Apr, 21 Final 0.795
Travis and UDS Arnold...Apr 23 Final 3.8. Yaux
Brewaries May 8 Int. 2.5
Weir — Apr. 1 Finel nit
Wimpey (G.) — Apr. 29 Finel Li.7
PYcrkehirs

Fraser...Apr 29 Finel 4.6 Charms...Mar 29 Final nil *Kleinwort Benson...Msr 30 Finel 6.0 * Board specting intimated. † Rights Issue aince made. † Tex free. § Scrip Issue since made. † Forecast. Kwik Save Discount...May 1 lat. 1.6

erson Prop....May 1 Final 6.5

Queensway...Apr 22 Final 4.0

Hawker Siddeley...Apr 15 Final 5.2 Hapworth (J.) May 5 Ins. 0.79 'Higgs and' Hill.....Apr 6 Final 2.8

BASE LENDING RATES

A.B.N. Bank 13 %	Grindalys Bank
Allied Irish Bank 13 %	■ Guinness Mahon 13 9
American Express Bk. 13 %	Hambros Bank 13 9 Heritable & Gen. Trust 13 9
Amro Bank 13 %	Heritable & Gen. Trust 13 9
Henry Ansbacher 13 %	■ Hill Samuel§13 9
Arbuthnot Latham 13 %	C. Houre & Co
Associates Cap. Coro. 13 %	Hongkong & Shanghai 13
Banco de Bilbao 13 %	Kingsporth Trust Ltd. 14 9
BCCI 13 %	Knowsies & Co. Ltd 1349
Bank Hapaolim BM 13 %	Laoyds Bank 13 9
Bank Leumi (UK) plc 13 %	Mallmhall Limited 13
Bank of Cyprus 13 %	Edward Manson & Co. 14 9
Bank Street Sec. Ltd. 14 %	Midland Bank 13
Bank of N.S.W 13 %	Samuel Montagu 13 9
Banque Belge Ltd 13 %	Ellergen Cranfall IR C
Banque du Rhone et de	National Westminster:13 !
la Tamise S.A 131%	Norwich General Trust 13
Barclays Bank 13 %	P. S. Refson & Co 13
Beneficial Trust Ltd 14 %	Roxburghe Guarantee 13}
Bremar Holdings Ltd. 14 %	TO C Cahwah 12 0
Brit. Bank of Mid. East 13 %	Sizvenburg's Bank 13.0
Brown Shipley 13 % Canada Perm't Trust 131%	
Canada Perm't Trust 134%	March Them Death 19 0
Castle Court Trust Ltd. 134%	Trustee Savings Bank 13 9 TCB Ltd. 13 9 United Bank of Kuwait 13 9
Cavendish G ty Tst Ltd. 151%	TCB Ltd 13 9
Cavzer Ltd 131%	United Bank of Kuwait 13 9
Cedar Holdings 13 %	Wintesway Leadisw 1074
Charterhouse Japhet 13 %	Williams & Glyn's: -13 9
Choulartons 14 %	Wintrust Secs. Ltd 13 9
Citibank Savings1121%	Yorkshire Bank 13 9
Clydesdale Bank 13 %	Members of the Accepting House
C. E. Coates 14 %	Committee.
Consolidated Credits 131%	* 7-day deposits 10%, 1-month
Co-operative Bank*13 %	10.25%, Short term £8,000/1.
Corinthian Secs 13 %	month 12.6%.
The Cyprus Popular Bk. 13 %	† 7-day deposits on sums of: under £10,000 104%, £10,000 up to
Duncan Lawrie 13 %	£50,000 11%, £50,000 and ove
Duncan Lawrie 13 % Eagil Trust 13 %	115%.
ET. Trust 134%	# Call deposits £1,000 and ove
Exeter Trust Ltd 14 % First Nat. Fin. Corp 16}%	10%.
First Nat. Fin. Corp 161%	21-day deposits over £1,000 114%
First Nat. Secs. Ltd 161%	§. Demand deposits 10%%.
Robert Fraser 14 %	9 Mortgage base rate.

Public Works Loan Board rates

Effective March 27

141 141 141 14 14 14 131 131 131 14; 14; 14; 14; 14 13; 13;

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. † Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

INCAL AUTUNDITY DOUD TABLE!

Authority	Annual	pay-	t	Life
(telephone number in	gross		Minimus	n of
parentheses)	interest		Sum	bond
Knowsley (051-548 6555)	% . 14	-year	£ 1,000	Year 48

M. J. H. Nightingale & Co. Limited

			<u>-</u>	Telepho			
£000°a capitalisatio	or Company	Price	Change on week	Gross	Yield.	•	Fully
1,283	Ass. Brit. Ind. CULS	129		10,Q	70.	ACTUBI	LEXAG
4,226	Airaprung	73	_	4.7	7.8 6.4		
1,125	Armitage & Rhodes	45	-	4.3	9.6		18.0 8.5
12,098	Bardon Hill	198	- 1.	9.7	4.9	3,8 9.8	
1,338	CCL 11nc Conv. Pet	107	_	15.7	14.7	7.0	11.7
4,875	Daborah Services	63	_	5.0	9:5		
4,015	Frank Horsell	125	~ 1	6.4		3.1	5.9
11,258 978	Fraderick Parker	- 783	id — 3	8.4	5.1 3.2	11.4	
	George Blair	E3				4,0	7.6
3,940 2,5 9 2	Ind. Precision Castings	97	+ 2	7,3	7.5	7.0	-40 E
2,454	lais Conv. Pref	108	- 1	15.7	14.5	7.0	10.5
16.010	Jackson Group	97		7.0	7.2		· 6.5
2.550	James Burrough	116	+ 2	8.7	7.5		10.5
3,180	Robert Jenkins	250	+ 2	31.3	12.5	3,5	8,8
3.881	Scruttons "A"	64	´ —	5.3		- 9.6	9,1
	Torday & Carlisle	159		10.7	6.7		9.5
2,170	Twintock Ord. Twintock 15pc ULS	14	+ 0%			٠ ــــــــــــــــــــــــــــــــــــ	U.U
3,815	Unilock Holdings	791	+ 0-2	15.0	18.9		_
10.014	Waiter Alexander	25			12.0.	- 4.B	7.6
5,391	W. S. Yestes	79	~ `.		8,1		92
	Prices now available	231	+3			- 6.0	127

FINANCE FOR INDUSTRY TERM DEPOSITS.

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years.

Interest paid gross, half-yearly. Rates for deposits received not later than:

3 4 5 6 7 8 9 10 131 131 131 131 131 131 131 Deposits to and further information from The Treasurer, Finance for Industry pic, 91 Waterloo Rd., London SEI SWP (01-928 7822, Est. 367).

Cheques payable to "Bank of England, ac FFF" PRI is the holding company for ICPC and PCI.

This advertisement complies with the requirements of the Council of The Stock Exchange.

U.S. \$100,000,000

Allied Irish Banks Limited

Floating Rate Notes 1992 Subordinated as to payment of principal and interest

The following have agreed to subscribe or procure subscribers for the Notes:

Credit Suisse First Boston Limited

Allied Irish Investment Bank Limited

Merrill Lynch International & Co.

Banque Nationale de Paris

C. C. C.

be V. he 22 wi RI Bc

to ter go ow

en

ha im suk qui nai

est Cri doi cha req pan stai

Chase Manhattan Limited

CIBC Limited

Deutsche Bank Aktiengesellschaft **IBJ** International Limited Girozentrale und Bank der österreichischen Sparkassen Manufacturers Hanover Limited

Nordic Bank Limited

Société Générale de Banque S.A.

S. G. Warburg & Co. Ltd.

Westdeutsche Landesbank Girozentrale

The issue price of the Notes is 100 per cent. The Notes have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the Notes.

Interest is payable semi-annually in arrears in April and October, the first payment being made in October 1982, Full particulars of the Notes are available in the Extel Statistical Service and may be obtained during usual business hours up to and including 13th April, 1982 from the brokers to the issue:

Pannure Gordon & Co., 9 Moorfields Highwalk, London EC2Y 9DS

The Stock Exchange, London

Butler & Briscoe, 3 College Green, Dublin 2

J. & E. Davy, 60/63 Dawson Street, Dublin 2

The Stock Exchange, Dublin

The Stock Exchange, Dublin

29th March, 1982

INTERNATIONAL BONDS

Eurodollar sector still in the doldrums

IN THE doldrums is the only way to describe the mood of the Eurodollar bond market over the past few days. The market desperately wants to improve, but the fundamentals have shown no major change,

While the Euro D-Mark and Swiss franc foreign bonds con-tinue to enjoy a buoyancy marked by relative optimism over short-term interest rates, the dollar sector of the Euro-bond market, like its American cousin, is indecisive.

The continuing impasse over the U.S. budget is not helping matters, nor is the growing fear over the annual April bulge in U.S. money supply because of tax rebates. Add to this cocktail the fact that many Eurobond investors are sitting on their hands, plus the launch of a number of new issues of dubious quality, and you end up with a nervous market.

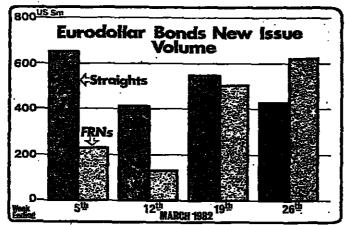
Prices of many fixed-interest Eurodollar bonds closed the week unchanged, while Euro D-Mark bonds registered a gain of around ‡ point on average. The Swiss franc foreign bond sector picked up on Thursday and Friday, particularly after the latest Swiss federal bond was priced at 102 to yield 4.91 per cent. This compares with a yield of 5.4 per cent in December on the last such bond and is encouraging information for

the foreign bond market.

Back in the lacklustre Eurodollar sector both dealers and new issue managers spent the end of the week talking about static short-term interest rates and increasingly short-term "rollover bond" maturities. bonds have their coupons adjusted several times

during their lives. In the wake of recent three-year adjustable coupon bonds from General Motors Acceptance Corporation and Gulf Oil the market is now seeing a \$100m Citicorp 10-year issue which will have its coupon adjusted every two years. The

Citicorp's new issue, through and Citibank, was not proving ambitious; there is also the fact inspirational on Friday. This that Mexican names are not the is partly because some of the best-loved these days. gloss has come off Citicorp's credit rating and partly the Banobras deal and the marbecause it was only a few weeks ket greeted it with apathy. It ago that CSFB managed a was selling on Friday at dis-



cent from par.

(BAII), the consortium bank Banque Nationale de Paris and

the Kuwait Investment Com-pany are lead-managing the issue, which bears a 51 per cent

minimum coupon and a spread

of a point over the mean of the

bid and offered rates of six-

interbank

Alan Friedman

London

\$125m 15-year Citibank bond, counts of as much as 21 per also with an adjustable coupon,

at 15½ per cent.

The appearance of these \$70m, seven-year noaning extra-short rollover honds, like note was launched over the week-end for Banque Arabe et week-end for Banque Arabe et of floating rate notes, provides further proof of the market's caution over the path of interest rates. In this sort of atmosphere the better quality paper is being chosen and investors are even paying closer attention to call features. The increasingly discerning

nature of Eurodollar bond investors is a healthy sign for money. the market. After all, why should an investor buy paper which carries a call feature allowing the borrower to demand it back in three or four years at a small premium when other issues might provide a secure return for a longer time

and a similar coupon?
Given the slightly morose tone of the Eurodollar sector it is not surprising that the experience of Babobras, the Mexican public works financing bank, has not been a very happy one. S.G. Warburg brought the \$150m 10-year issue to market with a hefty 171 per cent coupon earlier this month

But the traditional coupon first coupon will be 15 per cent hungry retail investors on the and at the end of two years Continent have not been biting investors will have the option at the bait this time. A significant of redeeming the bonds if they nificant amount of Banobras do not like the adjusted coupon. paper has been left on managers' books. It is possible that Goldman Sachs. Commerzbank the size of the issue was a mite

A number of houses declined

CREDITS

No-string margins hard to find

MOST OF the action in the Eurocredit market last week was in Southern European rising to 1 per cent for the financing and Eurobankers are remaining five years. In still mulling over the question of whether the tide of 1 per cent margins is receding from CNT's \$400m financing pack. this region.

Instead, the credits for Portugal, Spain and France's state-owned Caisse National des Telecom-munications (CNT) all carry elements of a per cent margin, but are not the real thing.
Greece was the first to opt

for a more expensive } per cent on its \$450m credit more than a week ago. Then came the news that although Portugal was insisting on a 1 per cent element in its forthcoming \$300m eight-year credit, it would probably agree to } per cent for the first six years.

Citibank and Lloyds Bank Inter-national) have been invited to Lisbon this week to discuss the credit. Several of them seem quite relaxed about a } per cent portion because it would be on the last two years of the credit and there should be a easonable front-end fee.

Bankers claim that the 1 per cent element in Spain's \$450m two-tranche credit is not a

genuine one because it is only half of the first \$300m tranche

gion. age is also not quite a fully tentative conclusion fledged 2 per cent credit. The The tentative contrastor reached by many appears to be deal is split into a azoom that a genuine, no-strings year floater with a 1 per cent that a genuine, no-strings year floater with a 1 per cent spread over six-month Libor plus sight-year credit heara \$200m eight-year credit hear-ing i per cent above Libor. Participating banks are being asked to take \$10m of each and the floater is clearly an inducement to take on the ? per cent credit

portion.
Poland's 1981 interest is just about paid up, but it will take a day or two more before the full accounting for 500 Western banks is completed. Friday was the official deadline and the 1981 debt rescheduling agree ment could be signed next week.
Africa-watchers are consider

ing the implications of Nigeria's A number of banks (including import clamp-down on its borrowing requirements, par-ticularly its need for more than \$1bn in Euromarket finance for its railway project. Nigeria's "short-term, but terrifying downturn in cash flow" said one banker, is cause for a revaluation of the standard eight-year margin of $\frac{7}{2}$ per cent above Libor

NEW ISSUE

Alan Friedman

DM BONDS

Hungry investors seek further interest cut

relax monetary policy further and make another cut in interest

Two weeks ago, after carefully preparing the domestic credit and international foreign exchange markets for the deci-sion, the central bank cut its "special Lombard" rate from 10 per cent to 91 per cent. It was the fourth reduction in the rate since last October when the bank signalled an about-turn in monetary policy by cutting the "special Lombard" from its 12 per cent cyclical peak, to 11 per

Since last September 10-year bond yields have fallen from record highs of over 11 per cent to current levels of around 9½ per cent for Government issues. A DM 2.3bn foreign bond calender agreed in February has also been swallowed eagerly by German investors.

market the fall has been even suggests that the inflation out-sharper, from more than 12 look could continue to brighten, per cent to around the 9 per Morever, while the domestic

Over roughly the same period, from the beginning of November to the end of last week, the Bundesbank has also "un-coupling" of German rate from DM 2.40 in November to almost DM been able to accomplish some in the dollar/D-mark exchange month Euro D-marks and 15; however of just how little room per cent for three-month the Central Bank has to dollars), currently it is around six percentage points

The Bundesbank has been able to take the risk of widen-ing the dollar/D-mark yield gap because the German current account is now heading for surplus after its DM 30bn deficit in 1980 and the inflation rate is coming down from its cyclical peak—a year-on-year rate of 6.7 per cent in October to under 6 per cent. The almost certain prospect of wage settlements this year falling around At the shorter end of the the 4 per cent mark or below

INVESTORS in the West German capital markets, their appetites whetled by the juicy profits they have enjoyed over the past three months, are urging the Bundesbank, the West German Central Bank, to relax monetary policy further

One price the central bank has had to pay for this happier state of affairs is a deterioration

In such circumstances a wily old bird like the Bundesbank is unlikely to want to be caught trying to push rates down fur-ther and risking a reaction on the foreign exchanges which could set off a perverse upward shift in interest rates in the bond market. Hungry investors are going to have to put their money where their mouths are if they are to satisfy their lust for short-term gains. The Bundesbank wants to follow the

24th March, 1982

Stewart Fleming

CURRENT INTERNATIONAL BOND ISSUE

YEN

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
New Zealand†1	350	1987	5	510	100	Kidder Peabody In	ਦ. 5.2 50 [©]
Gulf States Utilities‡	50	1990	8	16	99 <u>†</u>	CSFB	16.115
Duke Power Ovs. Fin.1	50	1989	7	151	100	Morgan Stanley	15.500
Finland‡	75	1987	5	151	993	Morgan Stanley	15,500
Electricite de France;	100	1989	7	14]	99}	Societe Generale, Merrill Lynch	14.490
OKB**‡	52.13	1992	70	151	100	Salomon Bros, Orion Royal	15.250
CNT†‡	200	1990	8	510	100	Societe Generale	5.250°
Citicorp Oys. Fin.4	106	1992	10	. 15¶	100	Goldman Sachs, Commerzbank,	
BALL†‡	70	1989	7	5] 0	100	Citibank BNP, KIC	75.000¶ 5.500°
CANADIAN DOLLARS				-			
Prov. of Quebect	50	1989	7	16]	100	Societe Generale	16.500
Simpson-Sears Acceptant	ce · 40	1989	. 7	161	*	Wood Gundy	. •
Canadian Pacific Secs. L	td‡ 50	1989	7	16 }	100	Orion Royal Bank	16.375
D-MARKS					_		
OKB‡	750	1992 .	10	- 91	99]	Deutsche Bank	9.330

Borrowers	W-	Maturity	years	%	Price		76
SWISS FRANCS							
Crown Zellerbach‡	100	1992		6}	1004	SBC	6.680
Tokyo Style**§‡	60	1988	_	61	100	SBC	6.500
World Bank**‡	200	1987	_		100	CS	7.250
Sekisui Prefab Homes	70	1992		53		UBS	•
IADB	100	1992			t	UBS	•
STERLING							
World Bank!	100	1987	5	14	99.532	Baring Bros.	14.147
DUTCH GUILDERS							
Sweden‡	180	1992	8	101	100	ABN	10.750
Philips Lamps‡	100	1987		10;	100	Amro Bank	10.250

* Not yet priced, ‡ Final terms, ** Placement, † Floating rate note. • Minimum, § Convertible, †† Reg

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U.S. BONDS

Familiar fears thwart rally

last week. But while spring is making some people nervous. a half-hearted rally got bogged treasury borrowing still hangs the money supply, and most interest rates ended the week little changed. Tomorrow's a mere 0.2 per cent last month. meeting of the Federal Reserve's policy-making Open Market Committee will probably occupy the market for the

next few days. The rally was triggered by a sharp fall in the Fed funds rate early in the week. The key inter-bank rate dropped from 15 per cent to 13 per cent and enabled traders to finance bigger position at the long end of the market. But the bullish mood steadily evaporated amid warnings from analysts that the money supply is about to go shooting up again. By Friday,

cut its prime rate from 16! per rielding between 14.20 and 14.75 cent to 16 per cent. The big per cent. This week's calendar includes banks held their ground, but a small cut might be possible this week if the lower rates hold.

The money supply gurus are predicting a huge bulge in April, of the order of the \$10bn surge in January which set the alarm bells jangling and put an end to the Christofas bull Penney, the retailer, for a like market. Their forecasts are amount of zero-coupon notes, based on the seasonal bulge The Treasury will be absent that always comes in April, and the awkward timing of next bill auction tonight. But thanks month's social security pay- to its unusually flush cash month's social security payments. With MI, the main position it has slightly reduced measure, still running some the size of the auction, and will way above the Fed's target, this was enough to trigger fears on Wall Street that the Fed would be forced to clamp down again. It is apparently no consolation to the markets that the bulgeif it comes-might be largely

technical. It is presumed that the FOMC will decide on a policy to cope with an aberrant money supply at its meeting tomorrow. With the economy still weak and interest rates—paradoxically—high, the Fed seems to have little room to tighten without wreaking severe damage. How- to \$449bn

the second time in a fortnight, means the dark shadow of down by familiar fears about over the market, obscuring the encouraging news on inflation. The consumer price index rose Wall Street did get a small

break this week, however. The Treasury was forced to abandon plans for a long-term bond issue because Congress failed to increase its authority to tap the the long-term market. But the relief will be temporary and could even backfire. Treasury will have to borrow the money somewhere, either by selling bonds later on when its by borrowing more heavily on the short-term market. Wall Street would prefer as little dis-

ruption as possible.
The market's shaky state disbonds had given up all their gains and were, if anything, showing net losses on the week. But although the Fed funds rate also edged back up again, it stayed below the previous week's high levels, and this held down other short-term rates.

One tiny mid-western bank felt sufficiently encouraged to cut its prime rate from 16! per

> Bank of America's novel \$500m of small denomination zerocoupon notes for the individual saver. They will be sold in five, John Deere, the farm equipment company, is down for \$100m in floating rate notes, and J. C. Penney, the retailer, for a like except for its regular treasury the size of the auction, and will only roll over maturing bills.

David Lascelles

U.S. INTEREST	Week to	%) Week to Mar 19
Fed. funds wkly. av.	14.01	
3-month Treas, bills	12.78	12.96
3.month CD	14.30	14.50
20-year Treas, bonds	13.48	13.49
AAA Util	16.00	15.88
AA Industrial	15.25	15.13 -
Source: Saloman, Broi	her's (est	imates).
In the week to March	17 M1 ros	se \$500m

Payouts for 1980 and 1981 from Laenderbank

BY PAUL LENDVAI IN VIENNA

per cent dividend for last year repayment of the principal. might have been in the air, it Furthermore, the continuing per cent dividend for last year was not in bond prices. For budget impasse in Washington and an identical sum retroand director general, said.

The bank had not paid a dividend for 1980 because it has been hard hit by bad debts from some of its major industrial borrowers. Dr Vranitzky, who took over

a year ago with a completely new top management team, said the bank's cumulative losses from a number of difficult years was Sch 4.5bn of which the bank could cover only Sch 1.4bn from its own reserves. A last minute agreement

the opposition just before the annual meeting on Friday virtually guarantees the passage through parliament of a large support package The Treasury will now be able to provide about Sch 300m this year alone to make up for the interest income lost from

between the Government and

THE BOARD OF Oester- will be equivalent to the yield to Sch 22.4bn. recommended payment of a 6 cent of the bank, will guarantee

Laenderbank now believes it actively for 1980 as "a sign of will be able to cope on its own component of the balance sheet confidence being regained in with the interest and principal the bank's earning power." Dr burdens of the bad debts a year earlier clearly reflects Franz Vranitzky, its chairman within the next 10 years to 12 the bank's efforts to improve vears. It had earlier forecast a 25-year period.

Dr Vranitzky said the bank business. had made substantial progress turbulent year." The balance sheet total rose by 12.7 per cent

THE CROCUSES finally burst ever, M1 has been consistently into bloom around New York above target all year, and that tria's third largest bank, has ernment, which owns 60 per prufit of Sch 34m against Sch and a cast flow of The bank reported a net

to 36 per cent from 30 per cent earnings through foreign exchange and export finance

Dr Vranitzky hinted that the

Murray and Roberts well ahead

BY THOMAS SPARKS IN JOHANNESBURG

the bad debts. The interest it was R33.1m.

1m in 1980 and a cash flow of Sch 312m against Sch 77m. The increase in the foreign

in 1981 which he called "a Treasury has approved in principle an increase in the bank's Sch 900m capital to Sch 133bn and savings although neither the size nor deposits rose by 7.8 per cent details have been discussed yet.

MURRAY AND ROBERTS, the tion, engineering and project management, increased group months to December. In the pared with 76 cents. For all first half of 1980-81 profit was 1980-81 earnings were 156 cents R14.1m and for the full year a share and the dividend total

Substantial losses were in-South African holding company curred in a joint venture oil rig with major interests in construe manufacturing operation but construction activities produced significantly improved results The interim dividend is 15 operating profit after tax to cents against II cents from earn-R24.1m (\$23.1m) in the six ings of 101 cents a share com-

Ford to borrow from employees

By David Lascelles in New York FORD. America's second car manufacturer largest which has been making huge losses recently, is to launch a special investment fund to enable it to borrow money directly from its own employees.

The fund will be administered by Ford Motor Credit. the company's finance subsidiary whose credit standing was recently downgraded by the New York rating agencies because of Ford's losses, and whose access to the credit markets was, as a result, curtailed.

The scheme will take the form of a money market fund except that all the money invested will be used to buy Ford Credit Paper. Money market funds usually invest in short-term securities such as Treasury bills and commercial paper.

Ford's workers will be eligible to invest in the fund, and their participation, Ford said. will be voluntary. Ford will determine later whether to extend it to its hourly paid employees as well.

Interim dividend up at SHK Properties

BY ROBERT COTTRELL IN HONG KONG

extraordinary gains of only HK\$23.6m compared with down by 43 per cent to HK\$311.1m (\$53.4m).

increase over the adjusted 19 cents of last year's first-half.

RECURRENT EARNINGS at The directors say that if and Sun Hung Kai Properties when interest rates start to fall advanced from HK\$270.1m to sales of property will be re-HK\$287.5m in the six months activated to their former level, to end 1981. But there were The price of flats is stabilizing. most properties to be completed by the group in the second-half HK\$282m leaving the net total have been pre-sold, and it is expected that total second-half profits will exceed those of the The interim dividend is 24 first half. The board expects to cents per share, a 25 per cent meet its forecast of a 64 cents dividend total for the year,

Last September the company The board says the Hong announced a HK\$484m rights Kong property market has been issue and a one-for-four scrip sluggish since the second half issue. Proceeds from the rights of 1980-81 and pre-sales as issue would be used to meet the principals and sales as agents cost of building Sha Tin town totalling HK\$520m in the half centre, to increase the comwere satisfactory compared with pany's mortgage loan portfolio, the 1980-81 interim total of and to purchase new sites for development.

Hong Kong bank lifts profits BY OUR HONG KONG CORRESPONDENT

has announced net profits, including extraordinary items and
after providing for transfers to
inner reserves of HKS1124m inner reserves, of HK\$112.4m HK\$1.15. The directors of the for the year to December 1981, bank expect to be able to at least an increase of 42 per cent over maintain the dividend total in the HK\$79.3m seen in 1980.

THE UNION Bank of Hongkong A final dividend of 35 cents the current year.

Chairman for Midland Bank France

executive director, has been appointed chairman of the executive board of MIDLAND BANK FRANCE in succession to Mr Générale du Luxembourg.

Herve de Carmoy, who will

WARNER COMMUNICAremain an executive director.

TIONS INC., New York, has ap-Mr de Carmoy, a general man-ager of Midland Bank, will remain executive chairman of BCT Midland Bank, the publicly-quoted bank in which Midland music multishing divisions. has a controlling interest. Apart from retaining overall responsibility for Midland Bank's bility for Midland Bank's been elected executive vice prefrom retaining overall responsibility for Midland Bank's business in Europe, Mr de Carmoy is taking on additional duties in Midland Bank International Lordon Midland Bank International Lordon Midland Bank International Lordon Mr Glenn W Dodd has been tional, London.

Monsieur Roger Alloo, a appointed controller for SANTA managing director of SOCIETE FE INDUSTRIES, INC., Chicago. GENERALE DE BANQUE, MONTGOMERY WARD, Chi-Brussels, has requested for cago, has named Mr Donald E. Norman to the newly-created personal reasons to take early Norman to the newly-created rectivement. retirement as an executive position of vice president—man-director of the Bank. His request agement information systems. He has been granted, but he will formerly held the same position remain a member of the board with Target Stores, discount divi-

of the Bank until he reaches the normal age limit for directors of 70. The executive committee has asked him to retain until December 31 1984 the chairmanship of Banque Belge, London, Belgian and General Invest-Mr Marc Vuillermet, an ments, and Banque Européenne pour l'Amérique Latine (B.E.A.L.), together with the deputy chairmanship of Banque

pointed Mr Elliot Goldman as a senior vice president. initial activities will primarily publishing divisions.

• Mr Glenn W. Dodd has been

INTERNATIONAL APPOINTMENTS

• Mr Farl E. Morris has been elected senior vice president— production, and Mr Bill Stauss, vice president—production and engineering of WILLIAMS EXPLORATION COMPANY. • Dr Heinz Kundert has succeeded Dr Kurt Hess as chairman of MASCHINENFABRIK RIETER AG, Winterthur.

ENGINEERING. WORLEY INC., Houston, has appointed Mr Albert W. Angulo as vice president. Mr Angulo's primary responsibilities will be associated with project financing and Thomas Ryder and Son, machine tool manufacturer, has appointed Mr Jim Ingham to the new post of North American sales manager. He was a mar-keting consultant to Mitsubishi Heavy Industries of Japan. He will operate from the offices of Ryders parent the Gulf and Western Manufacturing Com-

pany in Detroit. Mr Lawrence A. Bennigson, vice-president of MANAGE-MENT ANALYSIS CENTER. has been promoted to senior vice-president.

● NATIONAL BANK OF ABU

sion of Dayton Hudson in DHABI has appointed Mr and Mr Ulrich Ammann, chair-George J. Van Dalen as general manager, treasury division. He was vice-president with Citi-bank, most recently regional-treasurer for Middle East/Africa division, based in Bahrain.

Sulzer, Mr Johann F. Gugelmann

Mr Tommaso Zanzotio has
been named senior vice-president
whom are retiring. manager, consumer financial services group, Europe/ Middle East/Africa, AMERICAN EXPRESS COMPANY. He will be the chief operating officer responsible for managing the American Express Card and travellers cheques activities in Europe, Middle East and Africa.

 MALAYSIAN INTER-MATIONAL MERCHANT of PPG BANKERS Bhd has appointed division. Encik Bakhtiar Tamin as its • Brig Gen George L. Schulstad director-cum-general manager. has joined LUCAS AEROSPACE He succeeds Datuk Mohd Salleh as vice-president marketing-North

man of Ulrich Ammann Baumas-chinen, have been nominated to join the board of UNION BANK OF SWITZERLAND from April 15. They will succeed Mr Georg

whom are retiring.

• Mr George M. Zapp has been elected to the newly-created position of group vice-president of QUAKER CHEMICAL CORPORATION from April 1. Mr Zapp will have responsibility for business activities outside Quaker's traditional products and markets. Mr Zapp was vice-presi-N INTER- dent planning and development MERCHANT of PPG Industries' chemical

Yusof who has become executive American and will be based in director of Perwira Habib Bank Dallas, Texas. He joins the com-Malaysia Bhd. Prior to joining pany from Murtin Marietta of and Co., Jardine's wholly-owned

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divisions covering the Gulf and Saudi Arabia into a single Arabian Peninsula region. The manager of the new region is Mr Ahmed Hazzah, vice-president, based in Bahrain. Mr Edward P. Gistaro has been elected president and chief operating officer of DATAPOINT CORPORATION, San Antonio, succeeding Mr Harold O'Kelley.

Chief operating officer is a newlycreated position. In addition Mr O'Kelley becomes acting chief financial officer. Mr Gistaro was formerly executive vice-presi-dent finance and corporate development. Mr Robert C. Sutton, a director of JARDINE.

MATHESON AND CO, will assume responsibility for all the group's interests in the U.S., based in San Francisco. He has been president and chief executive officer of Theo H. Davies MIMB, Encik Bakhtiar was the U.S. where he was director, Haveline subsidiary, since 1976. partner-in-charge of the manage ment consultancy division of Hanafiah Raslan and Mohamad.

• Mr Peter Sulzer, group management member of Sulzer 1976. CHASE MANUATTAN marketing management for Language for Languagement for L management member of Sulzer 1977.

Brothers, Dr Martin Junger, The CHASE MANHATTAN marketing manager for Japan, managing director of Swissair, BANK has consolidated its Philippines and Australia.

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	Australia 9½ 91 Balcetectric 11 91 Comp. Tel. Esp. 10½ 92 Denmark 10 88 Denmark 10½ 92 EEC 10½ 93 EEC 9½ 94 EIB 9½ 98 Inter-American 10¾ 91	100 100 100 100 100 200 60	102½ 102½ - 103½ 103¾ - 98% 99¼ - 101 101½ - 101½ 102½ 102% - 101¼ 102 - 100¼ 100¼ - 104% 105½	+0% +1% 8 -0% 0 10 -0% -0% 10 +0% +0% 8 +0% +0% 8 +0% +0% 8 +0% +0% 8 +0% +0% 8	3.93 0.38 1.96 1.73 9.92 9.74 9.48 9.62	Nat. West. Fin. 5% 91 90* Nippon Credit 5½ 90 0* Nordic Int. Fin. 5½ 91 0* Offshore Mining 5% 91 0* Pemex 8 91 0* PKbanken 5 91 0* Sanwa Int. Fin. 5½ 88 0* Sec. Pacific 5½ 91 0* Sec. Pacific 5½ 91 0*
	Australia 9½ 91 Baloelectric 11 91 Comp. Tel. Esp. 10½ 92 Denmark 10 88 Denmark 10½ 92 EEC 10½ 93 EEC 9½ 94 EIB 9½ 88 Inter-American 10½ 91 Ireland 10½ 96	100 100 100 100 100 200 60 100	102½ 102½ - 103½ 103½ - 98¾ 99¼ - 101 101½ - 101¼ 101½ - 101¼ 102¼ - 100¼ 100½ - 104½ 105½ 105½ - 104½ 105½ - 104½ 105½ -	+0% +1% 8 -0% 0 10 -0% -0% 0 +0% +0% 8 +0% +0% 8 +0% +0% 8 +0% +0% 9 0 +1% 9 0 +1% 9	3.93 0.38 1.66 9.73 9.92 9.74 1.48 0.62 0.42	Nat. West. Fin. 5½ 91 50* Nippon Credit 5½ 90 0* Nordic Int. Fin. 5½ 91 0* Offshore Mining 5½ 91 0* Pemex 6 91
	Australia 9½ 91 Beloelectric 11 91 Comp. Tel. Esp. 10½ 92 Denmark 10 88 Denmark 10½ 92 EEC 10½ 93 EEC 9½ 94 EEC 9½ 94 Inter-American 10¾ 91 Ireland 10½ 86 Mexico 11 88	100 100 100 100 100 200 60 100 100	102½ 102½ - 103½ 103½ - 98¾ 99¼ - 101 101½ - 101½ 102½ - 101¼ 102 - 101¼ 100½ - 104½ 100½ - 104½ 100½ - 104½ 100½ - 106¾ 101¼ - 106¾ 101¼ -	+0% +1% 8 -0% -0% 10 -0% -0% 18 +0% +0% 8 +0% +0% 8 +0% +0% 8 -0% -0% 9 +0% +0% 9 -0% -0% 8	3.93 0.38 1.86 9.73 9.92 9.74 0.48 0.62 0.42 0.42 0.89	Nat. Wast. Fin. 5t, 91 50* Nippon Credit 5t, 90 0* Nordic Int. Fin. 5t, 91 0* Pemex 8 91 0* PKbanken 5 91 0* Sanwa Int. Fin. 5t, 88, 0* Scotland Int. 5t, 92 0* Sec. Pacific 5t, 91 0* Societe Generale 5t, 91 0* Societe Generale 5t, 95 0*
	Australia 9½ 91 Balcetectric 11 91 Comp. Tel. Esp. 10½ 92 Denmark 10 88 Denmark 10 82 EEC 10½ 93 EEC 9½ 94 Inter-American 10¼ 91 Ireland 10½ 86 Mexico 11 88 Mt. Bk. Dnmk. 10½ 91 Nacni. Financiera 11 90	100 100 100 100 200 60 100 100 100 100 100	102½ 102½ 103% 103% 103% 103% 103% 101% 101% 101%	+05 + 15 8 -05 -05 10 +05 +05 18 +05 +05 18 +05 +05 18 +05 +05 18 +05 +05 18 0 +05 18 0 +05 10 0 +05 10	3.93 1.38 1.96 9.73 9.92 9.74 9.48 9.42 9.42 9.89 9.79 9.119	Nat. West. Fin. 5% 91 50* Nippon Credit 5½ 90 0" Nordic Int. Fin. 5½ 91 0" Offshore Mining 5½ 91 0" Pemex 6 91 0" Sanwa Int. Fin. 5½ 88, 0" Sanwa Int. Fin. 5½ 88, 0" Sociate Generale 5½ 91 0" Sumitomo Fin. 5½ 88 0"
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	Australia 9½ 91 Balcetectric 11 91 Comp. Tel. Esp. 10½ 92 Denmark 10 88 Denmark 10 82 EEC 10½ 93 EEC 9½ 94 EIB 9½ 88 Inter-American 10¾ 91 Ireland 10½ 96 Maxico 11 88 Mt. Bk. Dnmk. 10½ 91 Nacni. Financiera 11 90 Nat. West. 9½ 89 New Zealend 9½ 89	100 100 100 100 200 60 100 100 100 100 150 150 200	102½ 102½ - 103¾ - 103¾ 103¾ 103¾ - 101¾ 101¾ 101¾ 100½ 100½ 100½ 100½ 100½	+05, +15, 8 -05, 0 10 -05, 0 10 -05, 10 10 10 10 10 10 10 10 10 10 10 10 10 1	3.93 1.95 1.95 1.95 1.95 1.95 1.95 1.95 1.95	Nat. Wast. Fin. 51, 51 50 Mippon Credit 51, 80 0 Mordic Int. Fin. 51, 21 0 Offshore Mining 52, 91 0 Permex 6 91 0 0 PKbanken 5 91 0 0 Sanwa Int. Fin. 51, 88 0 Scotland Int. 51, 81 0 Scotland Int. 51, 91 0 Societe Generale 53, 95 00 Societe Generale 53, 95 00 Standard Chart. 51, 91 0 Sumitomo Fin. 51, 88 0 Sweden 51, 89 0 0 Toronto Domin'n 51, 92 0
	Australia 9½ 91 Balcetectric 11 91 Comp. Tel. Esp. 10½ 92 Denmark 10 88 Denmark 10 82 EEC 10½ 93 EEC 9½ 94 EIB 9½ 88 Inter-American 10¼ 91 Ireland 10½ 86 Mexico 11 88 Mt. Bk. Dnmk. 10½ 91 Nacnl. Financiera 11 90 Nat. West. 9½ 92 New Zealand 9½ 89 OKB 10½ 91	100 100 100 100 200 60 100 100 100 100 150	102½ 102½ 103¾ 103¾ 103¾ 103¾ 103¾ 101¾ 101¾ 101¾	+05 +15 8 -05 0 10 -05 0 10 -05 0 10 -05 0 10 -05 0 10 -05 0 10 -05 0 10 -05 0 10 -05 0 10 -05 10 -05 10 -05 10 -05 10 -05 11 -0	3.93 3.93 3.97 3.92 3.74 3.42 3.42 3.42 3.79 3.19 3.79 3.19 3.79 3.19	Nat. Wast. Fin. 51, 91. 90 Nippon Credit 51, 90 90 Nordic Int. Fin. 52, 91 00 Pomex 8 91 90 PKbanken 5 91 90 Scotland Int. 51, 92 91 Scotland Int. 51, 92 91 Scotland Int. 51, 93 93 Scotland Int. 51, 95 95 Scotland Int. 51, 95 95 Standard Chert. 51, 91 01 Sumitomo Fin. 52, 88. 01 Sweden 51, 88 93
	Australia 9½ 91 Balcetectric 11 91 Comp. Tel. Esp. 10½ 92 Denmark 10 88 Denmark 10 82 EEC 10½ 93 EEC 9½ 94 EIB 9½ 88 Inter-American 10¾ 91 Ireland 10½ 96 Maxico 11 88 Mt. Bk. Dnmk. 10½ 91 Nacni. Financiera 11 90 Nat. West. 9½ 89 New Zealend 9½ 89	100 100 100 100 200 60 100 100 150 160 200 150 150 150	102½ 102½ - 88% 99½ - 101½ 101½ - 101½ 101½ - 102½ 102½ 102½ - 101¼ 102 - 101¾ 102 - 104% 102½ - 104% 102½ - 104% 103¾ 101¼ - 104% 103¾ 103¾ 103¾ 103¾ 103¾ 103¾ 103¾ 103¾	+05 +15 8 -04 0 10 -04 -04 10 +05 +05 8 +05 +05 8 +05 +05 9 +05 +05 9 +05 +05 9 +05 +05 9 +05 +05 9 +05 +05 9 +05 +05 9 +05 +05 9 +05 +05 9 +05 +05 9 +05 +05 11	3.93 3.38 1.66 1.73 1.95 1.73 1.95 1.48 1.62 1.48 1.62 1.48	Nat. West. Fin. 5% 91 \$6* Nippon Credit 5½ 90 0* Nordic Int. Fin. 5½ 91 0* Offshore Mining 5½ 91 0* PKbanken 5 91 0* Sanwa Int. Fin. 5½ 88 0* Scotland Int. 5½ 92 0* Societe Generale 5½ 91 0* Societe Generale
	Australia 9½ 91 Beloelectric 11 91 Comp. Tel. Esp. 10½ 92 Denmark 10 88 Denmark 10 88 EEC 9½ 94 EEC 10½ 93 EEC 9½ 94 EER 9½ 88 Inter-American 10½ 91 Ireland 10½ 86 Mexico 11 88 Mt. Bk. Dnmk. 10½ 91 Nacnl. Financiera 11 90 Nat. West. 9½ 92 New Zealend 9½ 89 OKB 10½ 91 OKB 9½ 83 Quebec 10½ 92 Unubec 10½ 92 Unubec Hydro 10½ 91	100 100 100 100 200 60 100 100 100 150 150 150 150 150	102½ 102½ 103% 103% 103% 103% 103% 101% 101% 100% 100	+05 +15 8 -05 -05 10 -	3.93 3.56 9.73 9.74 9.74 9.48 9.62 9.48 9.62 9.49 9.19 9.19 9.20 9.30 9.30 9.30 9.50	Nat. West. Fin. 51, 51 50 Nippon Credit 51, 80 0 Nordic Int. Fin. 52, 31 0 Offshore Mining 52, 91 0 PKbanken 5 91
	Australia 9½ 91 Beloelectric 11 91 Comp. Tel. Esp. 10½ 92 Denmark 10 88 Denmark 10 82 EEC 10½ 93 EEC 9½ 94 EEC 10½ 93 EEC 9½ 94 Ireland 10½ 86 Mexico 11 88 Mt. Bk. Dnmk. 10½ 91 Nacnl. Financiera 11 90 Nat. West. 9½ 92 New Zealand 9½ 89 OKB 10½ 91 OKB 9½ 83 Quabec 10½ 92 Ouebec Hydro 10½ 92 Tauernautobahn 9½ 94	100 100 100 100 200 100 100 100 150 150 150 150 150 150 1	102', 102', - 88', 99', - 101', 101', - 101', 101', - 102', 102', - 101', 102', - 101', 102', - 104', 105', - 104', 105', - 104', 105', - 104', 102', - 103', 103', - 102', 103', - 102', 103', - 102', 103', - 103', 103', -	+05, +15, 60, 100, 100, 100, 100, 100, 100, 100,	3.93 3.166 3.73 3.92 3.74 3.62 3.42 3.42 3.42 3.42 3.42 3.42 3.42 3.42 3.42 3.42 3.42 3.42 3.19	Nat. Wast. Fin. 51, 91 \$0* Mippon Credit 51, 90 \$0* Mippon Credit 51, 90 \$0* Mippon Credit 51, 91 \$0* Mippon Credit 51, 91 \$0* Mippon Credit 51, 91 \$1* O'PKbanken 5 91 \$1* O'PKbanken 51, 91 \$1* O'PKbanke
	Australia 9½ 91 Beloelectric 11 91 Comp. Tel. Esp. 10½ 92 Denmark 10 88 Denmark 10 88 EEC 9½ 94 EEC 10½ 93 EEC 9½ 94 EER 9½ 88 Inter-American 10½ 91 Ireland 10½ 86 Mexico 11 88 Mt. Bk. Dnmk. 10½ 91 Nacnl. Financiera 11 90 Nat. West. 9½ 92 New Zealend 9½ 89 OKB 10½ 91 OKB 9½ 83 Quebec 10½ 92 Unubec 10½ 92 Unubec Hydro 10½ 91	190 100 100 100 200 60 100 100 100 100 150 150 150 150 150 15	102½ 102½ - 103¾ 103¾ - 103¾ 103¾ - 101¾ 101¾ - 101¾ 102½ 102% - 101¾ 102 - 101¾ 102 - 101¾ 102 - 103¾ 101¾ - 103¾ 101¾ - 103¾ 103¾ 103¾ - 103¾ 103¾ 103¾ 103¾ 103¾ 103¾ 103¾ 103¾	+05 +15 8 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	3.93 1.66 3.73 3.48 3.48 3.48 3.48 3.48 3.48 3.48 3.59 3.13	Nat. Wast. Fin. 5t, 91 \$0 Nippon Credit \$\frac{1}{2}\$ \$0 \$0 Nordic Int. Fin. \$\frac{1}{2}\$ \$1 \$0 Offshore Mining \$\frac{1}{2}\$ \$1 \$0 Offshore Mining \$\frac{1}{2}\$ \$1 \$0 PKbanken 5 \$1
	Australia 9½ 91 Balcelectric 11 91 Comp. Tel. Esp. 10½ 92 Denmark 10 88 Denmark 10 88 EEC 9½ 94 EEC 10½ 93 EEC 9½ 94 Ireland 10½ 96 Mexico 11 88 Mt. Bk. Dnmk. 10½ 91 Nacni. Financiara 11 93 Nat. West. 9½ 92 New Zealend 9½ 89 OKB 10½ 91 OKB 9½ 83 Quebec 10½ 92 nuebec Hydra 10½ 91 Tauernautobahn 9½ 94 Venezuela 11½ 91 World Bank 10 91 Average nice chang	190 100 100 100 100 200 60 100 100 100 150 150 150 150 150 150 15	102½ 102½ - 88% 99½ - 101½ 101½ - 101½ 101½ - 102½ 102½ - 101¼ 101½ - 100¼ 100½ - 100¾ 101½ - 100¾ 101½ - 100¾ 101½ - 100¾ 101½ - 100¾ 101½ - 100¾ 101½ - 100¾ 101½ - 100¾ 101½ - 100¾ 101½ - 100¾ 101½ - 100¾ 101¾ - 100¾ 101¾ - 100¾ 101¾ - 100¾ 101¾ - 100¾ 101¾ - 100¾ 101¾ - 100¾ 101¾ - 100¾ 101¾ - 100¾ 101¾ - 100¾ 101¾ - 100¾ 101¾ - 100¾ 101¾ - 100¾ 101¾ - 100¾ 101¾ - 100¾ 101¾ - 100¾ 101¾ - 100¾ 101¾ - 100¾ 101¾ - 100¾ 101¾ -	+05; +05; +05; +05; +05; +05; +05; +05;	3.93 1.66 3.73 3.48 3.48 3.48 3.48 3.48 3.48 3.48 3.59 3.13 3.13 3.59 3.59 3.59 3.59 3.59	Nat. Wast. Fin. 5t, 91 \$0 Nippon Credit \$\frac{1}{2}\$ \$0 \$0 Nordic Int. Fin. \$\frac{1}{2}\$ \$1 \$0 Offshore Mining \$\frac{1}{2}\$ \$1 \$0 Offshore Mining \$\frac{1}{2}\$ \$1 \$0 PKbanken 5 \$1
	Australia 9½ 91 Balcelectric 11 91 Comp. Tel. Esp. 10½ 92 Denmark 10 88 Denmark 10 88 Denmark 10 89 EEC 10½ 93 EEC 9½ 94 Inter-American 10¾ 91 Ireland 10½ 86 Mexico 11 88 Mt. Bk. Dnmk. 10½ 91 Nacul. Financiera 11 90 Nat. West. 9½ 92 New Zealend 9½ 89 OKB 10½ 91 OKB 9¼ 85 Québec 10½ 92 Québec 10½ 92 Québec 10½ 92 Venezuela 11½ 91 World Bank 10 91 Average price chang SWISS FRANC	100 100 100 100 100 200 60 100 100 150 150 150 150 150 150 150 15	102½ 102½ - 103¾ 103¾ - 103¾ 103¾ - 101¾ 101¾ - 101¾ 102½ 102% - 101¾ 102 - 101¾ 102 - 101¾ 102 - 101¾ 102 - 101¾ 102 - 101¾ 101¾ - 101¾ 101¾ - 101¾ 101¾ - 101¾ 101¾ - 102¾ 103¾ 103¾ - 102¾ 103¾ 103¾ - 102¾ 103¾ 103¾ - 100¾ 101¾ - 100¾ 101¾ - 100¾ 101¾ - 100¾ 101¾ - 100¾ 101¾ - 100¾ 101¾ - 100¾ 101¾ - 100¾ 101¾ - 100¾ 101¾ - 100¾ 101¾ - 100¾ 101¾ - 100¾ 101¾ -	+05 + 15 8 -04 0 10 -04 0 10 -04 0 10 -04 0 10 -04 0 10 -04 0 10 -04 0 10 -04 0 10 -04 0 10 -04 11 -04 0 11 -04	3.93 3.76 3.77 3.77 3.74 3.78 3.74 3.79 3.79 3.79 3.79 3.79 3.79 3.79 3.79	Nat. Wast. Fin. 5t, 91 50 Nippon Credit 5t, 80 0 Nordic Int. Fin. 5t, 91 0 Nordic Int. Fin. 5t, 91 0 Offshore Mining 5t, 91 0 PKbanken 5 91 0 Scotland Int. 5t, 92 0 Sec. Pacific 5t, 91 0 Societe Generale 5t, 91 0 Societe Generale 5t, 91 0 Societe Generale 5t, 91 0 Standard Chert. 5t, 91 0 Sumitomo Fin. 5t, 88 0 Sweden 5t, 88 0 Toronto Domin'n 5t, 92 0 Average price changes. CONVENTIBLE BONDS Average price changes. CONVENTIBLE BONDS Alinomoto 5t, 96
	Australia 9½ 91 Australia 9½ 91 Belioelectric 11 91 Comp. Tel. Esp. 10½ 92 Denmark 10 88 Denmark 10 88 EEC 9½ 94 EEC 10½ 93 EEC 9½ 94 EEC 9½ 94 Mit. 88 Inter-American 10½ 91 Ireland 10½ 86 Mexico 11 88 Mt. 8k. Dnmk. 10½ 91 Nacnl. Financiera 11 90 Nat. West. 9½ 92 New Zealend 9½ 89 OKB 10½ 91 OKB 9½ 85 Québec 10½ 92 OKB 9½ 85 Tauernautobahn 9½ 94. Venezuela 11½ 91 World Bank 10 91 Aversoe price chang SWISS FRANC STRAIGNTS	100 100 100 100 200 60 100 100 100 150 150 150 150 150 150 15	102½ 102½ - 88% 99½ - 101½ 101½ - 101½ 101½ - 102½ 102½ 102½ - 100¾ 100½ - 100¾ 100¾ - 100¾ 100¾ - 100¾ 100¾ - 100¾ 101½ - 100	+05 ₂ +15 ₄ 8 -05 ₄ 0 16 -05 ₄ -05 ₄ 10 165 ₄ -05 ₄ 10 165 ₄ -05 ₄ 8 165 ₄ -05 ₄ 10 165 ₄ -1 1	1.93 1.96 1.73 1.73 1.73 1.73 1.73 1.43 1.73 1.13 1.23 1.13 1.23 1.13 1.23 1.13 1.23 1.13 1.23 1.13 1.23 1.2	Nat. Wast. Fin. 51, 91 90 Nippon Credit 51, 90 90 Nippon Credit 51, 90 90 Nordic Int. Fin. 52, 91 00 Pamex 6 91
	Australia 9½ 91 Australia 9½ 91 Balcelectric 11 91 Comp. Tel. Esp. 10½ 92 Denmark 10 88 Denmark 10 88 EEC 9½ 94 EEC 10½ 93 EEC 9½ 94 Inter-American 10¾ 91 Ireland 10½ 86 Mexico 11 88 Mt. Bk. Dnmk. 10½ 91 Nacul. Financiera 11 90 Nat. West. 9½ 92 New Zealend 9½ 89 OKB 10½ 91 OKB 9½ 85 Québec 10½ 92 Québec 10½ 92 Tauernautobehn 9½ 94 Venezuela 11½ 91 World Bank 10 91 Average price chang SWISS FRANC STRAIGHTS Ansatt Transport 7½ 92 Asian Dov. Bank 8 30	100 100 100 100 200 60 100 100 100 150 150 150 150 150 150 15	102½ 102½ - 103¾ 103¾ - 103¾ 103¾ - 101¾ 101¾ - 102½ 102½ 102¾ - 101¾ 102¾ 103¾ - 103¾ 101¾ - 103¾ 101¾ 102¾ 103¾ 101¾ 102¾ 103¾ 101¾ 102¾ 103¾ 101¾ 102¾ 103¾ 103¾ 102¾ 103¾ 102½ 103¾ 102½ 103¾ 102½ 103¾ 102½ 103¾ 102½ 103¾ 103¾ 102½ 103¾ 102½ 103¾ 103¾ 102½ 103¾ 103¾ 103¾ 103¾ 103¾ 103¾ 103¾ 103¾	+05 ₂ +15 ₄ 8 -05 ₄ 0 10 -05 ₄ -05 ₄ 10 +05 ₄ +05 ₄ 8 -05 ₄ -05 ₄ 8 +05 ₄ +05 ₄ 8 +05 ₄ -05 ₄ -05 ₄ 7 -05 ₄ -05 ₄ 7	3.93 1.96 1.76 1.77 1.78 1.79 1.79 1.19 1.39 1.19 1.30 1.19 1.55 1.59 1.59 1.44 1.47	Nat. Wast. Fin. 5t. 91. 90 Nippon Credit 5t. 90 90 Nordic Int. Fin. 5t. 91 00 Nordic Int. Fin. 5t. 91 00 PKhanken 5 91 90 Sanwa Int. Fin. 5t. 88 01 Scotland Int. 5t. 92 00 Sec. Pacific 5t. 91 00 Sec. Pacific 5t. 91 00 Sec. Pacific 5t. 91 00 Societe Generale 5t. 91 05 Societe Generale 5t. 91 05 Sumitomo Fin. 5t. 88 00 Swaden 5t. 88 00 Average price changes. CONVERTIBLE Common Sec. 5t. 96 78 Bow Valley Inv. 8 95 48 Bridgestone Tire 5t. 98 3/8 Canon 6t. 95 12/8 Baiwa Secs. 5t. 98 12/8 Fujitsu Fenuc 4t. 98 10/8 Futokawa Elec. 5t. 98 7/8
	Australia 9½ 91 Australia 9½ 91 Beloelectric 11 91 Comp. Tel. Esp. 10½ 92 Denmark 10 88 Denmark 10 88 EEC 9½ 94 EEC 10½ 93 EEC 9½ 94 Mexico 11 88 Mexico 11 88 Mexico 11 88 Mit. Bk. Dnmk. 10½ 91 Ireland 10½ 86 Mexico 11 88 Mexico 11 88 Mexico 11 88 Mit. Bk. Dnmk. 10½ 91 Nacnl. Financiera 11 90 Nacl. Financiera 11 90 Nal. West. 9½ 92 New Zealend 9½ 89 OKB 10½ 91 OKB 9½ 85 Québec 10½ 92 Uenezuela 11½ 91 World Bank 10 91 Average nrice chang SWISS FRANC STRAIGNTS Ansatt Transport 7½ 92 Asian Dev. Bank 8 90 Australia 6½ 93	100 100 100 100 200 60 100 100 100 150 150 150 150 150 150 15	102½ 102½ - 103¾ 103¾ - 103¾ 103¾ - 101¾ 101¾ - 102½ 102½ 102½ - 101¾ 102¾ 101¾ - 103¾ 101¾ 102¾ 101¾ 102¾ 101¾ 102¾ 101¾ 102¾ 101¾ 102¾ 101¾ 102¾ 101¾ 102¾ 101¾ 102¾ 101¾ 102¾ 101¾ 102¾ 101¾ 101	+05 ₂ +15 ₄ 8 -05 ₄ 0 10 -05 ₄ -05 ₄ 10 -05 ₄ -05 ₄ 10 -05 ₄ -05 ₄ 8 -05 ₄ -05 ₄ 10 0 -05 ₄ 11 0 +05 ₄ 11 0 -05 ₄ 11 0 -	1.93 1.96 1.72 1.72 1.72 1.72 1.73 1.73 1.73 1.73 1.73 1.73 1.73 1.73	Nat. Wast. Fin. 54, 91
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Queb. Urban 164, 86 CS 20 11004, 10	n 0 -0 16.43
Tordom Con. 165-88 CS 25 198 9	85 +04 +04 16.97
Transalta 17 89 C\$ 50 1190 10 U. Bk. Nwy. 91, 90 EUA 18 911, 9	0 ² 2 0 +0 ² 3 16.90 3 -0 ² 5 -0 ² 10.98
U. Bk. Nwy. 91 90 EUA 18 914 9	3 -00- 10.98
Algemene Bk. 101 86 Fi 60 1001 10	1 +0 +0 10.00
Amfaz Group 124, 86 Fr 40 1044, 10	44 +04 0 10.92
Amro Bank 12 86 Fl 75 1062 10	64 +04 +1 10.16
Amro Bank 12 85 Fl 60 105 10	5, 0 +0, 10.46
Pierson 104, 86 Fl 50 1004, 10 Rabobank 12 88 Fl 50 105 10	07 +04 +04 10.04
Rabobank 12 88 Fl 50 .105 10 OKB 14 86 FFr 400 894, 9	6 ¹ / ₂ +0 ¹ / ₃ +0 ¹ / ₃ 10.37
Solvay et C. 144, 86 FFr 200 917, 8	01 -01 -01 17.93
Acona 14 85 £ 20 941 9	03 -04 -03 17.63 24 +02 -13 17.86 52 0 -04 15.81
Beneficial 144, 90 £ 20 864, 8	7. 0 +0.17.12
BNP 131, 91 £ 15 507, 9	17 0 +05 15.32
CFCA 132-28 F . 20 944-99	54 0 +04 14 71
i Cuticorn Ω/S 133-90 f 50 `.963-96	6% 0 +0 ¹ 2 14.33
) Fin. Ex. Cred. 133, 86 £ 15 95 9	6 0 0 15,33
Gen. Elec. Co. 121, 89 £ 50 831, 9	44 0 +04 13.98
Hiram Walker 14 ¹ , 88 f. 25 96 ² , 97 Privatbanken 14 ¹ , 88 f 12, 91 ² , 93	74 +04 +04 15.23 27 0 +04 16.57
Privatbanken 14 ¹ , 88 f 12 91 ⁷ , 9; Reed (Nd) NV 18 ¹ , 89 f. 25 100 ¹ , 10	24 0 +04 16 57 14 -04 +04 16 51
J. Rothschild 144, 90 E 12 977, 91	14 -04 +04 16.51 Bis -04 +04 14.55
J. Rothschild 141, 90 E 12 977, 96 Royal Trustee 14 86 E 12 961, 97	72 0 -04 15.04
Swed. Ex. Cr. 134 86 £ 20 964 97	7½ 0 +0½14.93
Eurofima 1012 87 LuxFr 500 961, 97	7• 0 +0¹,11.19
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E CATING DATE	-
FLOATING RATE NOTES Spread Bid Offer	C dbs C are 0 are
Bank of Montreal 51, 91 01, 991, 991,	29/4 17.06 17.17
Bk. of Tokyo 574 91 (D) 07 987 99 Bk. Nove Scotle 574 93 07 997 997	10/6 13% 13.42
Bk. Nove Scotle 54, 93 04, 994, 994, 86 04, 994, 100	
RECE 51, 87 GL 994, 1004.	26/4 76.94 16.98 27/7 164 16.27
Christiania Bank 5- 91 20% 99% 99%	5/5 16 16.12
Co-Ban Eurofin 5½ 91 0½ 98½ 99	14/4 76.69 16.90
Credit Nat 51, 94 101, 98% 99%	9/6 14.69 14.92
Denmark, Knodm. of 92 0Կ, 98Կ 99 ։	25/2 15.44 15 ez
Den Norske Cred. 5-2 93 04. 97% 98%	4/6 13.56 13.84
Genfinance 54, 92 07, 994, 1004, GZB 54, 92	30/6 15 ¹ , 15.52 8/6 14.94 15.05
GZB 54 92	8/6 14.94 15.05 . 9/5 13.31 13.43
: Liovas Eurofin 5% 93 40% 95% 95% 95%	9/5 13.31 13.43 29/4 17.13 17 <i>.2</i> 2
	16/7 15.31 15.41
Midland Int. Fin. 9 91 04, 994, 994	30/4 17.08 17.15
Nat. Bk. Canada 54 88 64 994 997:	24/9 15% 15 43
Not Word Fin FL 91 SAL 901 001	15/7 15.19 15.28
Nippon Credit 54 90 04 993 997	10/8 16 ,06 16.12
140101C INC. FIN. 3-3 31 UM 38% 99	6/5 75% 75.93
Offshore Mining 54, 91 04, 984, 994, Pemex 6 91	2/6 13 13.13
Pemex 6 91 04 984 994 PKbanken 5 91 04 984 994	8/4 17 17.69
	17/6 14% 14.52
Sanwa Int, Fin. 54 88, 01, 1991, 397, 3 Scotland Int, 54 92 01, 981, 381, 3	24/9 15.31 15.37 23/9 16 ³ 1 15.59
Scotland Int. 54 92 01 981 981 Sec. Pacific 51 91 01 987 991	24/5 134 13.37
Societe Generale 54 91 04 +99 991, 2	22/7 154 15.38
Societe Generale 5, 95 M, 983, 987,	1/9 15.31 15.37
Standard Chart, 54, 91, 04, 981, 987, 1	18/6 13.31 13.5A
Sumitomo Fin. 51, 88 01, 991, 100	9/8 16 16 04
Sweden 54 89 04 99 594.2	焼炒 15.21 16.29
Toronto Domin'n 51, 92 01, 951, 7061, 1	17/8 76% 16.40
Average price changes On day 0 or	week D
CONVERTIBLE CITYCITY.	, m.,
	Chg. Offer day Prem
	· .
Ajinamoto 51, 96 7/81 933 892,	91 Q 11.72
Bow Valley Inv. 8 95 4/81 23.12 974	
Bridgestone Tire 5-2 96 3/82 470 831	84 0 -0.81
Canon 6's 95	871 +01 9.16
Futites Secs. 0-2 9012/87 513.3 161	63 0 -2.00
Furitsu Fenuc 41, 9610/81 6770 887. Furukawa Elec, 51, 96 7/81 300 941,	901, +01, 23,89
	96 +43 -1.07
Hitachi Cable 54 96 2/82 515 881.	29 0 -8.44 20 -0- 4.22
Hitachi Cable 54 96 2/82 515 881. Hitachi Crad. Cpn. 5 96 7/81 1773 751.	
Honda Motor 51, 97 3/82 841 741	
Inchesps 8 95 2/81 4.55 #RAL	761, -01, 5,56 651, +11, 29,23
Kawasaki 54, 96 9/81 229 674	687 +13 29.23 687 +13 5.08
Marul 6 96	9112 -07 - 16.44
Minolta Cameras 5 95 10/81 989 Att.	63 0 19,40
Minorco 91, 97 5/87 8 16 400	874 -04 14.22
Murata 54 96 7/87 2190 564	583 +05 27.70
NKK 6/2 98 7/81 198 791	804 +24 -15.68
Nippon Chemi-C. 5 9110/81 919 1562. Nippon Electric 54 91 2/82. 846 865	585 +01, 7.17
Origina Clarector St. 31 2/82. 848 861	88% +0% 70,74
7	381 + 07 8 72

3/82 1567 10/81 652 3/82 635 10/81 305 9/80 191 2/82 586 4 2/82 263 367; 867; +07; 867; 867; +07; 63 701; 0 757; 817; +27; 661; 577; +17; 662; 717; -01; 867; 717; -01; 867; 357; +04; 827; 357; +04; o Electric 5 96..... tomo Elec. 5½ 97., tomo Met. 5¼ 96,.

e Financial Times Ltd., 1982. Reproduction in whole part in any form not permitted without writte it. Data supplied by DATASTREAM International,

(nominal value in \$m)

U.S. \$ bonds Last week..... Previous week 5.682.0 Other bonds Last week..... 1,095.2 820.2 Previous week 1,188.0 1,406.6

* No information available previous day's price.

† Only one market maker. supplied a price....

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week—Change over price a week

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. shown is minimum. C.dte=Date next coupon becomes effective.

Spread=Margin above six-month
offered rate (7 three-month;
å above mean rate) for U.S.
dollars. C.cpn = The current
coupon. C.yid = The current

CONVERTIBLE BONDS: De-nominated in dollars unless otherwise indicated. Cfig. day= Change on day. Cnv. date=First date for conversion into shares.

Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion to find the first share at conversion. rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Krediet-bank NV; Credit Commercial de France; Credit Commercial de France; Credit Lyonnais; Com-merzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg. Internationale

Kredietbank Luxembourg

Algemene Bank Nederland NV:
Pierson, Heldring and Plerson:
Credit Suisse/Swiss Credit Bank;
Union Bank of Switzerland:
Akroyd and Smithers; Bank
of Tokyo International; Bankers

Trust International; Credit Commercial de France (Securities)

London: Citicoro International London; Citicorp International
Bank; Daiwa Europe NV; Delter
Securities (UK); EBC; First
Chicago; Goldman Sachs International Corporation; Hambros
Bank; IBJ International; Ridder
Pezbody International; Manufacturers Hanover; Marrill Large Peabody International: Manufacturers Hanover: Merrill Lynch: Morgan Stanley International: Nikko Securities Company (Europe): Orion Royal Bank: Samuel Montagu and Co.: Seandinavian Bank: Societe Generale Strauss Turchull: Summano Finance International S. G. Finance International; S. G. Warburg and Co.; Wood Gundy-

Closing prices on March 26

EVICE

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

Notion
DIVIDEND & INTEREST PAYMENTS—
Canadian and Poreign Inv. Tat. 3.65p
Scottish Utd. Investors 1.02p
Stock Conversion and Inv. Tat. 1.75p
Thysics Ad Div. D. 2. 1.75p
Dis COBR DM 10 0.4 (DM) DIVIDEND & INTEREST PAYMENTS— illed frish Banks Fits. Rate Sub. Notes 1984 193.33 lay, Tat., 117. Old Aspro-Nicholas Db Sierc
Aspro-Nicholas Db Sierc
Assed British Engineering 7pcPl 2.45pc
Assed British Engineering 7pcPl 2.45pc
Assed British Engineering 7pcPl 2.45pc
Assed Savet Sierce 1 1.45pc
Assed Savet Sierce 1 1.45pc
Assed Savet Sierce 1 1.45pc
Automotive Products SpcPl 4.5pc
Automotive Products SpcPl 4.5pc
Automotive Products SpcPl 4.5pc
BP 1.75pc 4.55pcPl 2.275pc
Avon Rubber Db 3upc
BPE Inds Dbs 35s, Su, Signe
Backook Intel Db 3pc
Backook Intel Db 3pc
Sarco De Sartiago Fits Rate Notes 1985
SSS1.08 Bank of Ireland Ln 3igne Bank of Ireland Ln 34gc

Bardsey 7pc Prf 3.5pc
Barker & Dobson Ln 5tk 34gc
Barker & Dobson Ln 5tk 34gc
Bartow Hepburn Grp 7.75pc Prf 3.875pc
Bass Deb 4.325, 5.325, 4½, 1%, Lns 24g
585s Inv Lns 3, 3.6875pc
Beaumont Props 5tk 4pc
Beecham Grp Ln Comp conv of the 5pc
Uns Ln 5tk 84.94 on 313 with accrued
Int to resymt data, Ln 44pc
Benrose 7 bpc Prf 2.625pc
Bensons Hoslery Hidgs Ln 8pc
Beradin Rubber 5st 0.3p
Beristord 5 & W 5pc Prf 1.75pc. 71pc
Prf 2.625pc
Birmid Qualcast Ln 34pc
Black-Clawson Int Deb 3pc
Black-Claric Int 35pc
Black-Clawson Int Deb 3pc
Black-Claric Int 35pc
Boddington Breweries Deb 2pc
Boddington Breweries Deb 2pc
Boddington Breweries Deb 2pc ind District Dyers and Finishers Blackwood Hogg Spc. 7-1:pe Prf 2.25pc. Deb Blac Circle Ind Sign. Prf 1.925pc. Deb Blac Circle Ind Sign. Prf 1.925pc. Deb Blac Circle Ind Sign. Prf 1.925pc. Deb Boddington Breweries Deb 2pc Bond Street Fabrics In 3:apc Boot Hearty 4.2pc Prf 2.1pc Boots Ins 3: 3:apc Boots Hearty 4.2pc Prf 2.1pc Botton Prop Spc Prf 1.75pc Border Breweries (Wrexham) Spc Prf 2.1pc Border Reweries (Wrexham) Spc Prf 2.2pc Bowtherpa Hidgs Deb 4:pc Brack Gp Deb 4:pc Brak Gp Deb 4:pc British American Tobacco Inv In S. 3:pc British American Tobacco Inv In S. 3:pc British Car Auction Gp Spc Prf 1.75pc British Ind & Gen Inv Tst In 3:pc British Ind & Gen Inv Cremation 10pcPrei. 3.5 pc. 1st. 4pcPreid 2 pc. Deb. 5s bc. Deb. 5s bc. Deb. 5s bc. Universal 7pcPref. (1st) 2.45 pc. (2nd) 2.45 pc. 4.5 pc. deb. 4s pc. deb. 2s pc. Ests. 41 pc Pref. 1575 pc. ills (Halifax) 1p. n Thompson and Evershed Lm. 34 Sutterfield Harvey Shot Pri 1.925pc. Ln Dh. 44pc Caledonia Inv Spc A Pri 1.75pc. B Pri 1.75pc

> FINANCIAL TIMES PUBLISHED IN LONDON & FRANKFURT

INTERNATIONAL & BRITISH EDITORIAL & ADVERTISEMENT OFFICES Australian: P.O. Ber 12%, Australian-C. Talex: Matrix: Espenseda 32, Matrix 3. Tel: 40. 6772. 16527. Tel: 276 796.

(number, preceded by the appropriate area cade valid for Birmingham, Liverpool and Manchester).

Est Db 4pt | (\$*_peCm) 3.675pc | Grp 0.4p | Grp (May Stirling Knitting Grp)

arysis Rubber 1 pp nafficied Brewery Co. Ln. 351s 7 and Hassell Deb. 45 pc view (John) (Higgs.) SpcPf. Z.1 p. 1Pf. 45 pc 1) Box 4.00cms a.

5 Sec (Imity, Bod Max.Pid.Grd. (£10)
2.Spc
Thwaltes (Daniel) Spc.Prf. 1.75oc
Tomokins (F. H.) 0.575s
Tressury 20pc 1975 or giver 11pc
Trust Union 41pcPrf. 1.575pc
Trustioes Corp. Debs. 11s 34pc
Tube Invests. Ln. 21pc
Unipate 2.5o. 33pc
Unipate 3.5o. 33pc
Unipate 3.5o. 33pc
Unipate 3.5o. 33pc
Unipate 3.5o. 30pc
Unipa THURSDAY APRIL 1

Assets Trust 45pcPf 1.575pc, Pf 1.75p Electric Traction Deb 2lapt Lumb SpCPf 1.75pc 4 45pc 5 SupcPf 2.275pc, 10scPf Spc inds in 39pc Engineering Grs 10spcPf 5.25. The flow Sec. Bds 1 her sec. and Morland 7 pc.Pt. 4.5 pc. 4.5

Potch invest. Tet. Pri. (1st) Pri. (2nd) FL25, Do. Part 85y (1981) Intl. Tst. Deb. 24pc Scottish investors 5pcPri.

printing of the control of the contr Second Alliano Tyl., 2.25s, Do. 44secPl.
1.575sc
Security Grp., 1.23s, Do. A 1.21s. Do.
6-bocPl., 10.35o
Security Service. 2o. Do. A 2s.
Tate and Lyle. 7.5sc
Province of Television, 3se
Wagon Finance 1.5875se
Wand Hinds., 3.01b
Weights Selections and Devpt., 1.3s
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Wildingshy's Core. 3.3se
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Div

(Samuel) Deb. 3pc Ister Prop. 0.525p ad Si-poPri. 1.925pc Dp. 1ns. 27 35pc Spc 1 hpc t Hudson SpoPri 2.8m

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مكنامن الأجهل

This advertisement complies with the requires nts of the Council of The Stock Exchange



Banco Nacional de Obras y Servicios Públicos, S.A.

U.S.\$150,000,000

171/4 per cent. Bonds 1992

Issue Price 100 per cent.

The following have agreed to subscribe or procure subscribers for the Bonds:-S. G. Warburg & Co. Ltd.

Arab Banking Corporation (ABC) Banque de Paris et des Pays-Bas CIBC Limited Commerzbank Aktiengesellschaft

Daiwa Europe Limited Kredietbank International Group Lloyds Bank International Limited Merrill Lynch International & Co.

Nordic Bank PLC Westdeutsche Landesbank Girozentrale

Banque Nationale de Paris Chemical Bank International Limited Citicorp International Bank Limited Crédit Lyonnais

Dresdner Bank Aktiengesellschaft Kuwait Foreign Trading Contracting & Investment Co., (S.A.K.) Manufacturers Hanover Limited The Nikko Securities Co., (Europe) Ltd.

Orion Royal Bank Limited Wood Gundy Limited

The 30,000 Bonds of U.S. \$5,000 each have been admitted to the Official List of The Stock Exchange of the United Kingdom and the Republic of Ireland, subject only to the issue of the Bonds. Interest is payable annually in arrears on 15th April, the first such payment being due on 15th April, 1983.

Particulars of Banco Nacional de Obras y Servicios Públicos, S.A. and the Bonds are available from Extel Statistical Services Ltd. and may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 13th April, 1982 from:—

> City-Gate House, 39-45 Finsbury Square, London EC2A 1JA.

29th March, 1982

This advertisement complies with the requirements of the Council of The Stock Exchange.

U.S. \$100,000,000

GMAC Overseas Finance Corporation N.V.

(Incorporated with limited liability in the Netherlands Antilles)

Retractable Notes Due 1st April, 1997

Unconditionally guaranteed as to payment of principal and interest by

General Motors Acceptance Corporation

(Incorporated in the State of New York)

The following have agreed to subscribe or procure subscribers for the Notes:

Credit Suisse First Boston Limited

Banque Bruxelles Lambert S.A. Kidder, Peabody International Limited

Crédit Lyonnais

Morgan Stanley International

Orion Royal Bank Limited

Salomon Brothers International

Deutsche Bank Aktiengesellschaft

J. Henry Schroder Wagg & Co. Limited

Swiss Bank Corporation International Limited

Union Bank of Switzerland (Securities) Limited

Yamaichi Securities Company, Limited

The issue price of the Notes is 99½ per cent. The Notes have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the Notes.

Interest is payable annually in arrears on 1st April, the first payment being made on 1st April, 1983. The Notes are redeemable at the option of the holder on 1st April, 1985, 1988, 1991 and 1994 as of which dates the interest rate may be adjusted. The interest rate for the first three-year period will be 152 per cent. per annum.

Full particulars of the Notes are available in the Extel Statistical Service and may be obtained during usual business hours up to and including 13th April, 1982 from the brokers to the issue:

Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN

29th March, 1982

This announcement appears as a matter of record only



BANK MEES & HOPE NV

Dfls 100,000,000

1134% Bonds 1982 due 1988/1997

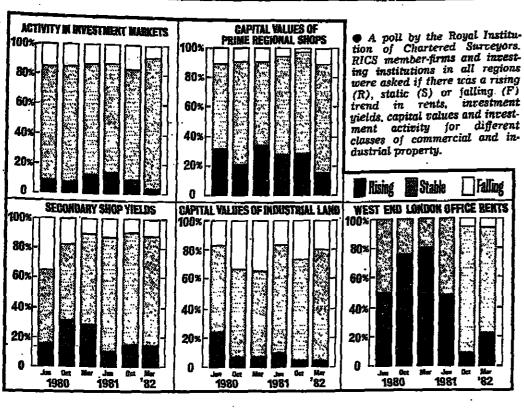
BANK MEES & HOPE NV

KREDIETBANK INTERNATIONAL GROUP

KUWAIT INVESTMENT COMPANY (S.A.K.)

SWISS BANK CORPORATION INTERNATIONAL LIMITED

March, 1982



Anxieties among agents

THE IMPACT of government the City of London, where a measures designed to encourage the building of factory nursery units and to provide incentives for tenants and investors in enterprise zones is still causing any sets.

Areas of concern are concentrated in the industrial sector. anxiety among commercial estate agents.

The 19th Business Indicators Poll conducted jointly by the Royal Institution of Chartered Times shows that agents and property investors are con- Agents warned that it may take cerned at the impact enterprise time before demand rises sufzones are having on land and property values; and at the level of over-building of indus-

trial nursery units.

In a special question agents and investment institutions were asked what effect government concessions on enterprise zones and nursery units had made on traditional supply-andmade on traditional supply-andment. Sir Geoffrey Howe analysis and patterns.

main, the market remains flat than 1,250 sq ft. with prime property investments continuing to display would be widening the scope resilience in the face of reces-

of higher yielding investments ing purposes." in other areas of economic This measur prime properties remains strong. market, where developers are

70

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trated in the industrial sector, where there is a surplus of accommodation—a lot of it released by factory closures.

The poll shows that many Surveyors and the Financial areas have a substantial surplus of industrial nursery units. Agents warned that it may take ficiently to match supply.

> Construction of small industrial units has been encouraged by the 100 per cent building

comment on general movements in commercial property rents, capital values, investment yields and market activity.

The table shows that in the commercial property rents, and market activity. The table shows that, in the apply to buildings of not more

More important, he said he of industrial building allowsion.

Property yields at the top end of the market are still holding their own in spite of pressures of recession and attractions of higher yielding investments.

On industrial pullding anowation by developers and the North-West one agent the upper qualifying limit of the market are still holding a wider range of property uses: units and several developments imminent danger of over space than a business just buildings used for "certain serbase been undertaken. How been undertaken. How vicing, repairing and warehous in provided a provided with the upper qualifying limit of the North-West one agent the upper qualifying limit of warehous investments and several developments imminent danger of over space than a business just been undertaken. How vicing, repairing and warehous vicing, repairing and warehous in provided with the upper qualifying limit of the North-West one agent the upper qualifying limit of warehous investors in creating nursery warned that "there is an 2,500 sq ft. This is often more supply." In East Anglia another starting requires.

Agents also expressed continued in the North-West one agent the upper qualifying limit of warner is a provided with the provided warner in the provided warner is a provided warner of the North-West one agent the upper qualifying limit of warner is an 2,500 sq ft. This is often more supply." In East Anglia another starting requires.

Agents also expressed continued warner is a provided warner of over supply." In East Anglia another starting requires.

Agents also expressed continued warner of over supply." In East Anglia another starting requires.

movement in rents—apart from allowances unless the building supply of nursery units but may have added to their own

ever, remains unsure about how much the Chancellor is really giving away. Initial satisfaction following the Budget speech has given way to disquiet that the widening of the definition of what qualifies as an acceptable industrial use may not mean much in practice. Details pub-lished in the Finance Bill last Friday appear to confirm this suspicion.

There is serious concern about the state of the nursery unit market. The Chancellor estimated that about 5,000 small workshops had been con-structed for letting to small businesses—at an estimated cost of £125m to £150m—since the scheme began in 1980. The actual size of the nursery unit market is in fact greater as these figures will not include buildings which have been erected and remain unlet.

The depth of concern is indicated by comments from for small units is for warehouse various parts of the country and distribution which presently during the latest RICS/FT do not qualify for the 100 per Business Indicator Poll.

has been limited, which has units has increased supply

There appears to be little unable to get their 100 per cent "There has been an increase in To some extent, developers

Compared with three months a	go:					**	1444	ARGLIA	HOPIDER	P1123.						1-11-
QUESTION I												·		7.4	n.	
What is the trend in rents?		% 70	% 22	% 9	% 26	% 10	**	%	%	%	*	%	%	*	% 17	% 14
(a) Offices	R S	70 30	<i>1</i> 1	91	26 70	10 50	100.	20 70	93	J J	93	90	93	\$9	23	78
(a) Cinces	F		7		4	40	.00	70 10	7	9	ð	3	Ő	'n	D	
	R	17	9	18	21	10	21	30	22	18	23 .	21	0	25	33	19
(b) Prime Regional Shops	Ş	83	22	82	75	70	71	- 70 ·	78	82	69	74	62	75	50 17.	74
	 -	0				20_			0		<u>\$</u>	<u>_</u>	38	0		7
(c) Secondary Shops	R S	18 73	90 08	· 8 2	23 58	22 67	23 69	70	23	30	8 84	11 78	· 83	25 62	17 66	17 72
(4) 54411—1) 511092	F	7	10	Ŷ	36 19	11	8	70 10	77 ·-	· 70	8	íi	17	13	17	iî
	R	20	0	9	0	0		0	0	0	0	Ö	0	0	0	2
(d) Modern Factories	S F	36 2	106 0	91	89	33	84	91	60	25	67	90	83	75 25	100	78
	R	20				<u>67</u>			40	<u> 25</u>	33	10			100	20
(e) Modern Warehouses	3	80	7 96	9 97	Q. 89	0 40	8 84	0	.0	<u>0</u>	0 67	. Đ 90	0 \$ 5	0 78	17	2 78
	<u>F</u>	0		_ ´ò	11	40	÷	91 9	60 40	75 25	33	70 10	15	22	83	20
QUESTION 2										_=						
What is the trend of invest yiel	ds?	_	_													
(a) Offices	R	0 82	7	0	0	20	. 6	0	7	0	. 8	_6	7	_0	20	4
(a) Onices	S	18	93 6	198 0	92 8	70 10	100. 0	100	93 0	198 G	78 14	77 17	86 7	75 25	60 20	.53 8
	R	7			-	10		10					<u>'</u>	14	17	
(b) Prime Regional Shops	ŝ	85	700	91	. 2	90 90	100	70	8 8 4	9 82	100	77	86	72	50	85
	F	8	0	0	4	0	0	ð	8	9		17	7_	14	33	6
(1) 6 4 61	R	9	0	737	8	10	17	70	21	10	33	17	15	14	17	14
(c) Secondary Shops	S F	91 0	83 17	64 9	69	90	83	80	58	80	67	72	. 71	72	50 33	. 74
	R	9	'		23		0		21	10	<u>. </u>	_11		14	~	12
(d) Modern Factories	Š	91	100	0 100	8 88	22 56	29 71	0 91 ·	25 62	0 92	36 . 64	12	15 77	0 86	33 33	14 80
	F_	Q	8	0	_ 4	22	Ö	9	13	18	<u>.</u>	· 6 ·	8	14	34	6
(e) Modern Warehouses	R	9	0	G	8	33	29		18	0	29	12.	15	Q	40	13
(e) Modern Warehouses	S F	91 0	7 9 0 8	700 C	88 4	56 11	77 0	91 9	69 13	92 8	71 0	82 6 -	77 .	89 11	20 40	80 7
QUESTION 3											<u></u>		<u>-</u>	_ ''-		
What is the trend of capital valu	es ?									•				•		
(a) Offices	Ŗ	59 41	17 66	9 91	28	10	. 0	10	_0	0	20	17	0	78	. 6	14
(a) Olines	S F	Ğ	96 17	9	68 4	40 50	- 100 D	80 01	92 8	91 9	73	83	93 7	. 11	· 80 20	76. 2
	R	9	70	9	25	10	8	30	15	18	15	17	0	29	17	15
(b) Prime Regional Shops	S	91	80	82	71	60 .	84	70	71	82	85	77 -	62	57	50 -	74
	<u>-</u> -	0	10	,	4	30	8	<u> </u>	14	0	0	6	38		33	11
(c) Secondary Shops	R S	90	11 67	9 73	24 40	80	83 83	20 60	21 43	30 70	0. 64	83	0 73	29 57	. 20 60	12 66
	F	10	22	18	36	20	17	20	36	ő	. 36.	ĩĩ .	27	14	20	22
•	R	20	34	0	G	. 0	0	G	0	8	- 0	5	8	- 6	0	2
(d) Modern Factories	2	60 20	66	100	85	33	84	73	. 44	75	60	82	67	71	25	71
	<u></u>		0	0	15	67	76	27	<u>56</u>	25		<u> 10</u>	33	29	75	27
(e) Modern Warehouses	R		0 100	0 100	0 81	0 44	0 84	0 73	0 50	0 75	0 67 -	5 79	0	. 0 78	0	7)
	F	60 20	Õ		19-	56	16	27	50 50	75 25	33	16	33	22	007	27
	R	72 78	34	0	4		0	Ġ	0	Ø	0	0	0	. 11	20	3
(f) Industrial Land	S	78 0	66	100	74	70	69	73	56	84	30	94	92	78	. 20	77
OUTETION 4		<u> </u>	.0_	0		30	31	27	44	16 .	<u> 20</u>	6	<u>- 8 ´</u>	11_	60	20
QUESTION 4	R	0	0	0	. 4	0	a	0	7	18	0	5	7	0	0	3
Activity in Investment markets	R S	100	100	760	88	80 20	109	91	80	82	83	95 0	86 7	71	50 ·	89
	F	G	0	a	2		0	9	13 .	0	17	_	_	29		. 8

ANGLIA HUMBER MIDS.

REST SE GLC (EX-LON.) N

many of them are now standing problems. More than one agent and incentives including a 10-been at the expense of other which has 26 trading estates in empty because of the strict in the South East said that year holiday from paying local local areas.

the West Midlands conurbation interpretation of 'qualifying initial asking rents may have authority rates. These benefits One agent, referring to the All units currently available on users.' The majority of demand been too high discouraging clearly enhance the value of Hartlepool Enterprise Zone, the estate in the enterprise do not qualify for the 100 per

cent allowance. In the South-East agents said: A similar picture emerges in "Considerable interest has been a number of other regions. In schemes has been slow."

been taken up but supply is
In the North one agent said: now greater than demand."

tenants; some of which preferred cheaper accommodation in lock-up garages and older redundant factories.

Equally, the size of units Businessmen operating out-provided tended to be towards side the Trafford Park enter-the upper qualifying limit of prise zone, Manchester, have

in other areas of economic. This measure may prove sig- meant the letting of several dramatically. Some units have zones were having on property an unfair advantage, activity. Investment demand for nificant for the nursery unit schemes has been slow." been taken up but supply is values. Tenants, property A number of agent owners and developers operat- to the RICS/FT poll confirmed

properties inside the zones; sometimes with unfortunate effects for land and property values immediately outside.

already complained that their property values have fallen since the zone boundaries were Agents also expressed con- announced. They say that firms cern at the impact enterprise operating inside the zone have

A number of agents reporting ing within the zones receive a that strong demand for accom-wide range of financial benefits modation inside zones had often

Date

"There has been an increase in demand for premises in the enterprise zone, but this increase appears to be at the expense of other properties in the same region. There is no indication of any significant interest from firms outside the local region."

There certainly appears to be strong demand for accommodation in a number of the new enterprise zones. An agent with the effect of benefits originally experience of the Dudley enterprise zone in the West Midlands ment and aid tenants. said: "We act for a major Midindustrial developer lands

zone are reserved or let. Other estates, similar in specification. but not location, have not been let at anything like the same

In some areas land and property values — instead of falling outside enterprise zones - have risen sharply within the zone's boundaries. This has led some developers to complain that landowners are receiving designed to encourage develop-

Andrew Taylor

NEC, Birmingham

NEC. Birmingham

Olympia

Goldsmith's Hall, London

Wembley Conf. Centre

Exhibition Centre, Harroga

Olympia Barbican Centre Cumberland Hotel, W.I

NEC Birmingham

Sandown Park, Esher

Earls Court

Earis Court

Analysis of bank advances and acceptances Midland Bank

to UK residents by reporting institutions in the UK at February 17, 1982; as Table 5 in the Bank of England Quarterly Bulletin. -TOTAL TO UK RESIDENTS-

London clearing banks		Tatal	in stari		urrencies	. Anancia		terling	house	≤ compa	nies 8	Handai
Thurst cleating outes		34,035	32,85	54	1,181	2,381		,206	200			1.075
Scottish clearing banks	1982 Feb 17 1981 Nov 18	36,354 4,524	· 35,03 4.23		1,323 293	2,329 422		,120 373	184 133	- •		968 178
	1982 Feb 17	4,673	4,34	18	326	304		246	21	12)	163
Northern Ireland banks	1981 Nov 18 1982 Feb 17	865 892		54. 92 ·	· 1	40 38		40 38	.1			4
All banks	1981 Nov 18 1982 Feb 17	77,396	63,90 71,20		3,487	12,657 14,261		,59 2 ,029	1,996 1,557	2,710 3,009		7,951 9,695
of which in sterling		87,472 63,909	اغراء	JO 1	16,264	8,592	,	,023	1,949	2,43	. 4	206
Changes:	1982 Feb 17	71,208		·		8,029			1,523	2,734		3,772
in sterling	1981 Aug/Nov '81 Nov/'82 Feb	+4,024				+319			+ 13	+137		-170 -
in foreign currencles adjusted							-		- 10			-634
for exchange rate effects§	1981 Aug/Nov 81 Nov/82 Feb	+1,056		•		+636			19 	+ 22		
		· · · · · · · · · · · · · · · · · · ·	of which	Food, drink	Chemicals		UFACTUI Electrical	RING Other en- gineering	Ship-		xtiles.	Other
•		madu- facturing	(p	and	and allied industries	manu- e facture	lpg ragineer-	and metal	i bailding †	Vehicles d	and Sthing f	mabu- actoring
London clearing banks	1981 Nov 18 1982 Feb 17	8,423 8,928	7,923 8,371	1,292 1,306	890 879	489 489	770 774	1,806 1,992	437 438	420 ´ 487		,687 ,830
Scottish clearing banks		931 962	878 899	228 189	117 128	46 50	48 64	145 146	121 126	21 27	64 72	143 159
Northern Ireland banks:		122	121	34	120	30	02	37	,,20	41	19	31 -
All banks	1982 Feb 17	130 18,897	129 15.304	32 3,240	3,279	1.046	1,586	48 3.246	668	1,133 1	21 132 3	29 5,567
	1982 Feb 17	21,061	17,366	3,402	3,664	1,122	1,673	3,662	711	1,326 1,	311 4	,191 (
of which in sterling	1981 Nov 18 1982 Feb 17	15,304 17,366		2,633 2,909	2,392 2,666		1,347 1,448	2,635 3,053	633 668			,816 ,358
Changes: in sterling	1981 Aug/Nov	+500		+354	+369	+ 69	+ 9	- 41	- 31	~178 —	30 -	- 21
in foreign currencies adjusted	'81 Nov/'82 Feb	•••		•••	•••	•••		•••	•••	•••	•]
for exchange rate effects	1981 Aug/Nov '81 Nov/'82 Feb	+ 27		+ 47	- 1	+ 5 -	- 31	- 42 	+ 11	+ 6 +	4 +	- 28
Advances only												
All banks	1981 Nov 18 1982 Feb 17	16,433 17,524	12,908 13,926	2,740 2,70 2	2,743 2,817		1,368 1,347	3,02 2 3,320	660 699		991 3 1 69 3	,159 ,588
		Total	of which	ER PROD Agricuiti	DUCTION-	ilae	 -		of wh	PERSONS		
		other production	in sterling	forestr and fight	y 2	nd Tyling Cons	struction	Total persons	Ìπ	For hor	54 50 C	ther
London clearing banks	1981 Nov 18 1982 Feb 17	4,651 4,999	4,522 4.830	2,670 2,725			,665 .892	9,034 9.813	9,02 9,80		6 5	,598 ,813
Scottish clearing banks		926	£38	663	1	02	155	919	-	74 25,00	,	553
									91			
Northern Ireland banks	1982 Feb 17	993	900	682	_	27 5	184 50	999 189	99	6 43	5	564
Northern Ireland banks	1982 Feb 17 1981 Nov 18 1982 Feb 17	993 238 247	900 238 247	682 183 190	•	5 5 ·	50 51	189 196	99 18 19	6 43 9 5 6 5	5 2 1	564 137 145
Northern Ireland banks	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18	993 238	900 238	682 183	2,2	5 5 · 61 2.	50 51	189	99 18	6 43 9 5 6 5 6 4,75	5 2 1 8 · 8	564 137 145 ,112
All banksof which in sterling	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18	993 238 247 8,523 9,238 7,165	900 238 247 7,165	682 183 190 3,660 3,761 3,637	2.24 2.44 1.10	5 5 61 2, 55 3, 05 2.	50 51 603 ,021 ,423	189 196 12,871 15,582 12,816	99 18 19 12,81	6 43 9 5 6 5, 6 4,75 2 5,85 4,75	5 2 1 8 8 4 9	564 137 145 ,112 ,728
of which in sterling	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17	993 238 247 8,523 9,238 7,165 7,768	900 238 247 7,165	682 183 190 3,660 3,761 3,637 3,735	2.24 2.44 1.10	5 5 61 2. 55 3. 05 2. 62 2.	50 51 ,603 ,021 ,423 ,872	189 196 12,871 15,582 12,816 15,532	99 18 19 12,81	6 43 9 5 6 5, 6 4,75 2 5,85 4,75 5,84	5 2 1 3 8 4 9 2 8	564 137 145 ,112 ,728 ,064 ,683
of which in sterling	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Aug/Nov	993 238 247 8,523 9,238 7,165	900 238 247 7,165	682 183 190 3,660 3,761 3,637	2.24 2.44 1.10	5 5 61 2. 55 3. 05 2. 62 2.	50 51 ,603 ,021 ,423 ,872	189 196 12,871 15,582 12,816	99 18 19 12,81	6 43 9 5 6 5. 8 4,75 2 5,85 4,75 5,84 +92	5 2 1 8 · 8 4 · 9 2 · 8 9 · 9	564 137 145 ,112 ,728 ,064 ,683
of which in sterling	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Aug/Nov '81 Nov/'82 Feb	993 238 247 8,523 9,238 7,165 7,768 + 194	900 238 247 7,165	682 183 190 3,660 3,761 3,637 3,735 — 23	2.24 2.4 1.10 1.10	5 5 51 2, 55 3, 05 2, 82 2,	50 51 ,603 ,021 ,423 ,872	189 196 12,871 15,582 12,816 15,532 F1,273	99 18 19 12,81	6 43 9 5 6 5, 6 4,75 2 5,85 4,75 5,84	5 2 1 8 · 8 4 · 9 2 · 8 9 · 9	564 137 145 ,112 ,728 ,064 ,683 352
of which in sterling	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Aug/Nov	993 238 247 8,523 9,238 7,165 7,768	900 238 247 7,165	682 183 190 3,660 3,761 3,637 3,735	2.24 2.4 7 1.10 1 1.10 1 + (5 5 61 25 35 30 32 4 32 4	50 51 ,603 ,021 ,423 ,872 60	189 196 12,871 15,582 12,816 15,532	99 18 19 12,81	6 43 9 5 6 5. 8 4,75 2 5,85 4,75 5,84 +92	5 2 1 8 · 8 4 · 9 2 · 8 9 · 9	564 137 145 ,112 ,728 ,064 ,683
of which in sterling	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Aug/Nov '81 Nov/'82 Feb 1981 Aug/Nov	993 238 247 8,523 9,238 7,165 7,768 + 104 	900 238 247 7,165	682 183 190 3,660 3,761 3,637 3,735	2.24 2.44 1.16 1.16 + (5 5 5 1 2 5 5 3 5 5 2 5 7 4 5 7 5 7 5 7 5 7 5 7 5 7 5 7 5 7 5	50 51 ,603 ,021 ,423 ,872 60 	189 196 12,871 15,582 12,816 15,532 +1,273	99 18 19 12.81 15,53	6 43 9 5 6 5 8 4.75 2 5,85 4.75 5,84 + 92	2 2 1 2 2 3 3 4 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	564 137 145 112 728 064 683 352
of which in sterling	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Aug/Nov '81 Nov/'82 Feb 1981 Aug/Nov	993 238 247 8,523 9,238 7,165 7,768 + 194 	900 238 247 7,165 7,768	682 183 190 3,660 3,761 3,637 3,735 — 23	2.24 2.44 7 1.16 1.16 + (5	50 51 ,603 ,021 ,423 ,872 60 	189 196 12,871 15,582 12,816 15,532 F1,273	99 18 19 12,81	6 43 9 5 6 5 8 4.75 2 5,85 4.75 5,84 + 92	2 2 1 2 2 3 3 4 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	564 137 145 112 728 064 683 352
All banks of which in sterling	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Aug/Nov 81 Nov/82 Feb 1981 Aug/Nov 81 Nov/82 Feb	993 238 247 8,523 9,238 7,165 7,768 + 184 + 187 	900 238 247 7,165 7,768 of white in sterlise 9,176	682 183 190 3,660 3,765 3,735 — 23	2.24 2.44 1.11 1.16 + (5 5 5 5 3 5 5 5 3 5 5 5 5 5 5 5 5 5 5 5	50 51 ,603 ,021 ,423 ,872 60 	189 196 12,871 15,582 12,816 15,532 11,273 	99 18 19 12.81 15,53 Rectarl distribution 2,227	6 43 9 5 6 5 8 4,75 2 5,85 4,75 5,84 + 92	2	564 137 145 112 ,728 ,064 ,683 352 6
All banks of which in sterling Changes: in sterling in foreign currencies adjusted for exchange rate effects London clearing banks	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Aug/Nov 81 Nov/82 Feb 1981 Aug/Nov 81 Nov/82 Feb	993 238 247 8,523 9,238 7,165 7,768 + 184 + 187 Total services 9,545 10,286 1,332	900 238 247 7,165 7,768 of while in sterlin 9,903 1,22	682 183 190 3,666 3,761 3,735 — 23 — 5 — 5	2.24 2.4 1.11 1.11 + 1 + 11 1.11 1.11 1.11 1.11	5 5 5 5 2 5 5 5 2 5 5 5 2 2 5 5 2 2 5 5 7 5 7	50 51 ,503 ,021 ,423 ,872 60 	189 196 12,871 15,582 12,816 15,532 F1,273 	99 18 19 12.81 15,53 Resaul distribution 2,237 2,216	6 43 9 5 6 5, 8 4,75 2 5,85 4,75 5,84 + 92	2 8 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	564 137 145 112 7,728 ,064 ,683 352 6
All banks of which in sterling	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Aug/Nov '81 Nov/'82 Feb 1981 Aug/Nov '81 Nov/'82 Feb 1981 Nov/'82 Feb 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17	993 238 247 8,523 9,238 7,165 7,768 + 184 + 187 Total services 9,545 10,286 1,332 1,416	900 238 247 7,165 7,768 7,768 of white In starling 9,177 9,903 1,221 1,301	682 183 190 3,666 3,761 3,537 3,735 — 23 — 5 — 5 — 3	2.24 2.44 1,11 1,11 1,11 1,11 1,11 1,11 1,11 1	5 5 5 5 2 5 5 5 2 5 5 5 2 5 5 5 2 5	50 51 ,503 ,021 ,423 ,872 60 	189 196 12,871 15,582 12,816 15,532 F1,273 - 7 - 7 - 67 67 62 115	99 18 19 12.81 15,53 Restall detarliation 2,237 2,216 224 223	6 43 9 5 6 5 8 4,75 2 5,85 4,75 5,84 + 92 distributi 1,714 1,838 173 199	2 8 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	564 137 145 112 728 1064 683 352 6 112 600 661
All banks of which in sterling Changes: in sterling in foreign currencies adjusted for exchange rate effects London clearing banks Scottish clearing banks Northern Ireland banks	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Aug/Nov '81 Nov/'82 Feb 1981 Aug/Nov '81 Nov/'82 Feb 1981 Nov/'82 Feb 1981 Nov 18 1982 Feb 17 1981 Nov 18	993 238 247 8,523 9,238 7,165 7,768 + 104 + 187 Total services 9,545 10,286 1,332 1,416 277 282	900 238 247 7,165 7,768 7,768 of white In startis 9,176 9,90 1,22 1,30 27 282	682 183 190 3,666 3,761 3,637 3,735 — 23 — 5 — 7 7 2 and 7	2.24 2.44 1,11 1,16 + 1 + 11 - + 12 	5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	50 51 ,503 ,021 ,423 ,572 60 	189 196 12,871 15,582 12,816 15,532 11,273 1	99 18 19 12.81 15,53 15,53 Restart distribution 2,227 2,216 224 223 98 100	6 43 9 5 6 5 8 4,75 2 5,85 4,75 5,84 + 92 distributi 1,714 1,838	5 2 2 8 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	564 137 145 112 7,728 ,064 ,683 352 6 510nal. 1310cong 500 216 600 6061 111 113
All banks of which in sterling Changes: in sterling in foreign currencies adjusted for exchange rate effects London clearing banks Scottish clearing banks Northern Ireland banks All banks	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Aug/Nov 81 Nov/82 Feb 1981 Aug/Nov 81 Nov/82 Feb 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18	993 228 247 8,523 9,238 7,165 7,768 + 184 + 187 + 187 9,545 10,286 1,332 1,416 277 282 24,449	900 238 247 7,165 7,768 7,768 of white star lin 9,171 9,903 1,221 1,307 287 280,032	682 183 190 3,660 3,765 3,735 — 23 — 5 — 5 3 3 7 7	2.24 2.44 1.11 1.11 + 1 + 11 - + 11 -	5 5 5 5 5 3 5 5 2 2 5 5 7 + 5 7 5 7 121 31 29 19 12353	50 51 ,503 ,021 ,423 ,572 60 60 	189 196 12,871 15,582 12,816 15,532 11,273 11,273 12,73 13,73 14,73 15,532 16,732 17,532 18,5	99 18 19 12.81 15,53 Restal distribution 2,237 2,216 224 223 98 100 3,417	6 43 9 5 6 5 8 4,75 2 5,85 4,75 5,84 + 92 distribute 1,714 1,838 173 199 41 5,414	2 2 3 4 9 9 9 9 9 9 9 5 1	564 137 145 112 728 664 6683 352 6 500 661 111 113 324
All banks of which in sterling Changes: in sterling in foreign currencies adjusted for exchange rate effects London clearing banks Scottish clearing banks Northern Ireland banks: All banks	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Aug/Nov 81 Nov/82 Feb 1981 Aug/Nov 81 Nov/82 Feb 1981 Nov 18 1982 Feb 17 1981 Nov 18	993 238 247 8,523 9,238 7,165 7,768 + 184 + 187 + 187 10,286 1,332 1,416 277 282 24,449 27,331 20,632	900 238 247 7,165 7,768 7,768 of white In startis 9,176 9,90 1,22 1,30 27 282	682 183 190 3,660 3,761 3,735 — 23 — 5 — 5 33 7 7 7 7	2.24 2.4 1.10 1.11 + (+ 1: - + 1: - 1: - 1: - 1: - 1: - 1: - 1: - 1: -	5 5 5 5 2 5 5 3 5 5 2 2 5 5 2 2 5 5 7 ÷ · · · · · · · · · · · · · · · · · ·	50 51 .603 .021 .423 .872 60 60 ERVICES	189 196 12,871 15,582 12,816 15,532 1,273 - 7 - 7 - 67 62 115 115 8 8 8 8 8 8 8 16 8 16	99 18 19 12.81 15,53 15,53 Regard distribution 2,227 2,216 224 223 98 100 3,417 3,678 3,361	6 43 9 5 6 5 8 4,75 2 5,85 4,75 5,84 + 92 	From miscal 5, 10, 8, 8, 8, 8, 8, 8, 8, 8, 8, 8, 8, 8, 8,	564 137 145 112 7,728 ,064 ,683 352 6 500 216 600 661 111 113 324 586 774
of which in sterling	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Aug/Nov 81 Nov/82 Feb 1981 Aug/Nov 81 Nov/82 Feb 1981 Nov 18 1982 Feb 17	993 238 247 8,523 9,238 7,165 7,768 + 184 + 187 + 187 10,286 1,332 1,416 277 282 24,449 27,331	900 238 247 7,165 7,768 7,768 of white star lin 9,171 9,903 1,221 1,307 287 280,032	682 183 190 3,660 3,761 3,537 3,735 - 23 - 5 - 27 - 7 7 7 7 7 7 2 2 2 3 3 3	2.24 2.4 1.11 1.11 1.11 1.11 1.11 1.11 1	5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	50 51 ,603 ,021 ,423 ,872 60 60 ERVICES	189 196 12,871 15,582 12,816 15,532 F1,273 - 7 - 7 - 67 67 62 115 18 8 8 8 126 116 116 116 116	Regard distribution 2,227 2,216 224 223 98 100 3,417. 3,678	6 43 9 5 6 5 8 4,75 2 5,85 4,75 5,84 + 92 distribute 1,714 1,838 173 199 41 5,414 6,159	From miscal 5, 10, 8, 8, 8, 8, 8, 8, 8, 8, 8, 8, 8, 8, 8,	564 137 145 112 7728 1064 683 352 6 Salemal. Hibr and lineous 500 216 600 216 600 111 113 1324 1586 1774 926
All banks of which in sterling Changes: in sterling in foreign currencies adjusted for exchange rate effects London clearing banks Scottish clearing banks Northern Ireland banks: All banks of which in sterling Changes: in sterling	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Aug/Nov 81 Nov/82 Feb 1981 Aug/Nov 81 Nov/82 Feb 1981 Nov 18 1982 Feb 17	993 238 247 8,523 9,238 7,165 7,768 + 184 + 187 10,286 1,332 1,416 277 282 24,449 27,321 20,632 22,512 + 1,827	900 238 247 7,165 7,768 7,768 of white star lin 9,171 9,903 1,221 1,307 287 280,032	682 183 190 3,660 3,761 3,537 3,735 - 23 - 5 - 27 - 7 7 7 7 7 7 2 2 2 3 3 3	2.34 2.44 1.11 1.11 1.11 1.12 1.13 1.13 1.13 1.13	5 5 5 5 2 5 5 2 5 5 2 5 5 2 5 5 2 5 5 2 5 5 7 5 7	50 51 .603 .021 .423 .872 60 60 ERVICES	189 196 12,371 15,582 12,816 15,532 F1,273 F	99 18 19 12.81 15,53 15,53 15,53 2,23 22,227 2,216 224 223 98 100 3,417 3,615 +328	6 43 9 5 6 5 8 4.75 2 5,85 4.75 5,84 + 92 	From pulsed 5, 10, 8, 9, 9, 9, 9, 9, 9, 9, 9, 9, 9, 9, 9, 9,	564 137 145 112 7728 1064 683 352 6 111 113 113 124 111 113 124 125 126 127 127 128 128 128 128 128 128 128 128 128 128
All banks of which in sterling Changes: in sterling in foreign currencies adjusted for exchange rate effects London clearing banks Scottish clearing banks Northern Ireland banks of which in sterling Changes: in sterling in foreign currencies adjusted	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Aug/Nov 81 Nov/82 Feb 1981 Aug/Nov 81 Nov/82 Feb 1981 Nov 18 1982 Feb 17	993 238 247 8,523 9,238 7,165 7,768 + 184 + 187 Total services 9,545 10,286 1,332 1,416 277 282 24,449 27,331 20,032 22,513	900 238 247 7,165 7,768 7,768 9,171 9,903 1,221 1,307 277 282 20,035 22,513	682 183 190 3,660 3,761 3,537 3,735 - 23 - 5 - 27 - 7 7 7 7 7 7 2 2 2 3 3 3	2.24 2.44 1.10 1.11 1.11 1.11 1.11 1.11 1.11 1	5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	50 51 ,603 ,021 ,423 ,872 60 60 ERVICES	189 196 12,871 15,582 12,816 15,532 F1,273 - 7 - 7 - 67 67 62 115 18 8 8 8 126 116 116 116 116	99 18 19 12.81 15,53 15,53 Resall 45tstribution 2,23 98 100 2,417 3,678 3,361 3,615	6 43 9 5 6 5 8 4.75 2 5,85 4.75 5,84 + 92 	From sident side	564 137 145 112 728 1664 6683 352 6 5100 661 111 113 324 586 7774 1926

*The introduction of the new monetary sector in November 1981 has led to changes in the coverage of this table (for fuller explanation see the additional notes to tables 3 and 5 in the March 1982 Bulletin). Changes for the latest period are therefore not shown functional lending under special schemes for domestic shipbuilding. † The analysis provided by Northern Ireland banks differs slightly from other banks. Chemicals and allied industries are included industringuishably in "Other manufacturing"; Metal manufacture, Electrical engineering, Shipbuilding and Vebicles in "Other engineering and metal goods"; and Transport and Communications in "Public utilities and national government." § The figures exclude as far as possible the effect of changes in exchange rates on the sterling value of advances in foreign currencies. 'S1 Nov/ 82 Feb advances in foreign currencies.

Senior post at

Mr Rodney L. Bass has been appointed assistant general manager, group treasury at MIDLAND BANK'S head office from April 1. He will be responsible for developing the Bank's new financial features unit which is expected to become operational in the autumn to coincide with the opening of the new London International Finan-cial Futures Exchange.

BRITISH CAS has appointed Mr John Newman deputy chairman of Northern Gas from May 1. He has been director of marketing for Wales Gas since 1977.

COMMA OIL & CHEMICALS has appointed Mr J. K. Ruggles as joint managing director. Mr Ruggles was managing director of the merchanting division of TIBM Dibben,

Mr Michael Watts will become main board director responsible for finance for G. E. WALLIS & SONS on April 1. Mr Watts is group financial controller. When Mr Edwin A. Pywell retires in May, Mr Watts will also become company secretary.

Mr Iain Burns has been appointed financial director of THOMSON MAGAZINES.

Mr F. R. Agar will become chairman and managing director of Brengree Holdings subsidiary, EXCLUSIVE CLEANING GROUP on April L Mr Neville Pearson has been appointed as president of the INCORPORATED SOCIETY OF

VALUERS AND AUCTIONEERS. Mr Nigel Thompson has been appointed director of SMITHS COMMERCIAL VEHICLE PRO-DUCTS, a part of Smiths Indus-tries Automotive Instrument

Mr W. Allen and Mr R. F. Riding have been appointed general managers of WILLIAMS & GLYN'S BANK from April 1.

Mr M. J. Mann has been appointed to the board of METAL CLOSURES GROUP.

appointed managing director of the UK consumer products division of WILKINSON SWORD GROUP. He was managing director of Cam Gears, a member Brand has been appointed managing director of the electrical appliance division. He was managing director of Rime Electric.

from the board.

Apr 26-30

UK TRADE FAIRS AND EXHIBITIONS

Metalworking '82 Exhibition (0737, 68611) and International Metalcutting Machine Tools Exhibition (01-402 6671) (until Apr 2) Current British Exhibition of Fine Jewellery and Sterling Current .. Subcontracting Industries Exhibition—SUBCON Mar 29-Apr 2 Mar 31-Apr 2 ... Apr 5-7 Concrete Society Exhibition and Conference (01-730 8252) Birmingham Motor Show (0602 51202) Apr 9-18 Apr 18-19 International Motorcycle Show (0203 27427) British Pet Industry Exhibition (0233 36656) International Fire Security and Safety Exhibition Apr 19-23 Apr 20-22 International Property Exhibition (01499 8311) International Ideal Homes Exhibition (021-705 Storage Handling and Distribution Exhibition-SHD (01-446 2411) Apr 26-30 (01-446 2411)
EIA Engineering Exhibition—ENGEX (0403 68390) Apr 28-29 OVERSEAS TRADE FAIRS AND

Apr 6-9 First International Energy Technology Exhibition International Electronic Packaging and Production
Equipment Exhibition — INTERNEPCON
(0483 38085) Apr 15-24 International Building Exhibition—FINNBUILD Apr 20-25 (01-486 1951)
International Carpet, Wallpapers, Wall Coverings and Furnishing Textiles Exhibition—PARITEX (01-439 3964) Apr 22-26 ...

May 3-6 Offshore Technology Conference and Exhibition (01-486 1951) Mar 29-Apr 2 ...

Mr Alan T. Fletcher has been of the TRW Group. Mr Philip P.

Following the annual meeting of STANDARD LIFE ASSURANCE COMPANY Mr A. M. Hodge has retired from his position as chairman. He remains on the board as a director. His successor is Mr R. C. Smith. Mr N. Lessels has been appointed deputy chairman. The Earl of Wemyss and March has retired

Met. Exbn. Hall, Brighton Bingley Hall NEC, Birmingham

EXHIBITIONS

Pekine Helsinki Paris Agricultural Industry Exhibition—SAUDI-AGRI-CULTURE (01-486 1951)

Health, Safety and Environment at Work Exhibi-tion—ARBO (01-228 2880) Biochemical and Instrumental Analysis Exhibition (01-486 1951)

Fast Food and Catering Exhibition (01-935 \$200)

BUSINESS AND MANAGEMENT CONFERENCES

RRG Conferences: Reinsurance Practice (01-236 2175)
University of Leeds: Freight Transport Policy—
The Role of New Technology (0532 35038) ...
Lloyd's of London Press: Ship Finance (01-730 2182). Apr 7 The Henley School of Forecasting: Corporate Plans after the Budget (01-353 9961)

International Council of Shopping Centres:
European conference on Downtown Shopping Mar 20-24 Centres (0734 \$61101)

British Institute of Energy Economics: Energy
Conservation in Industry—the Anglo Swedish Mar 23 Experience (01-980 2233) Institute of Directors annual convention (01-839 1233)

HA-UK: Annual European Forum on Computer Audit, Control and Security (01-628 9001).

Birmingham Chamber of Industry and Commerce: Mar 23 How to tap into public funds (021-484 6171) ... American Tax Institute in Europe: Foreign Invest-Apr 14-15 American Tax rustitute in Europe: rureign investment in U.S. Real Property (Apr 5); UK
Taxation of International Operations
(Paris 256 3370)
The Economist: Economic Regulation in Practice Enforcement procedures and their implica-tions for industry (01-539 7000) Ápr 16 ESC: Current issues in financial reporting (05) Apr 19-20 Modern Pibres (061-834 8457)
INSIG: International Banking Seminar—Banks and Apr 21-23 Computers (Paris 7630724)

Crown Eagle Communications: Franchising (01-636 Paris 0617)
NAPF 1982 Annual Conference (01-681 2017)
Lloyd's of London Press: International Maritime
Seminar on Law of Collisions (01-353 1000) ...

Harrogate Singapore London Press Contre, EC4

9 St James's Square, SW1 Royal Albert Hall, WB Hitton Hotel, W1

Waldorf Hotel, WC2

University College, Oxford Bowater Conf. Centre, 5W1 UMIST, Manchester

Churchill Hotel, W1 Bournemouth

Anyone wishing to attend any of the above events is advised to telephone the organisms ensure that there has been no change in the details published. Southampton

A copy of this document, baving stinched thereto the documents specified below, has been delivered to the Register of Compenies for registration. This document contains particular given in compiliate with the Regulations of the Compenie of The Stock Exchange for the form of the Compenies of the Compenies of the Compenies of the Registration with regard to Standard Securities FLC ("the Compenies"). The Directors have taken di responsibility accordingly. Application has been made to the Compenies for the whole of the where expiral of the Compeny, based or now being insued as mentioned haven, to be admitted to the Compenies for the whole of the where expiral of the Compeny, based or now being insued as mentioned haven, to be admitted to the Compenies for the whole of the where expiral of the Compeny, based or now being insued as mentioned haven, to be admitted to the Compenies for the whole of the where expiral of the Compeny, based or now being insued as mentioned haven, to be admitted to the Compenies for the whole of the where expiral of the Compeny, based or now being insued as mentioned haven.

STANDARD SECURITES PLC

Placing by Hambros Bank Limited of 2,200,000 Ordinary Shares of 25p each at 136p per share

Directors

GERALD WALTER LEIGH (Chairman) 6 Arlington Street, St. James's, London SWIA IRE

RONALD WILLIAM STRUTH. F.S.V.A., M.B.I.M. (Managing Director) 6 Arlington Street, St. James's, London SW1A 1RE

TIMOTHY JOHN BRUCE HARINGTON STRANACK, B.A. (Solicitor; Non-Executive Director) 6 Arlington Street, St. James's, London SW1A IRE

Secretary and Registered Office DEREK JOHN HARRIS 6 Arlington Street, St. James's, London SW1A IRE

Principal Bankers BARCLAYSBANKPLC 21 Brayford Square, Stepney, London El OSJ

Stockbrokers ROWE & PITMAN City-Gate House, 39/45 Finsbury Square, London EC2A IJA and The StockExchange Share Capital

in 19,000,000 Ordinary Shares of 25p each £2,879,659.50 Authorised: £4,750,000

Loan Capital and Other Indebtedness

7% per cent. Convertible Unsecured Loan Stock 1993

outstanding: £3,500,000

Issued or now

being issued

Issued and

The T% per cent. Convertible Unsecured Loss Stock 1993 ("the Stock"), a further \$1,000,000 of which is to be issued for cests per on 27th April, 1982, is convertible into Ordinary Shares of the Company at 155.4p per share at any time between 1st January 1894 and 31st January, 1983. Other terms are summarized in Terms of the Stock" under "Statutory and General Information" below At the close of business on 5th March, 1982 the Group had outstanding indebtedness secured on properties owned by companie in the Group of \$7,214,198. Save as mentioned herein and spart from inver-company liabilities within the Group, no company in the Group has any loss capital (inclining term losse) outstanding or created but unusued or any mortgages, charges, debenures of the borrowings or indebtedness in the nature of borrowing, including bank overtraits, liabilities under accoptances or acceptance with historiches company are marginal contrained.

Solicitors to the Company TIM STRANACK 7 Addison Crescent, London W148JP

to Hambros Bank Limited NORTON, ROSE, BOTTERELL & ROCHE Kempson House, Camomile Street London EC3A 7AN

Auditors and Joint Reporting Accountants HODGSON HARRIS & CO. (Chartered Accountants) 4 King's Arms Yard, Moorgate, London EC2R 7AX

Joint Reporting Accountants PEAT, MARWICK, MITCHELL & CO. (Chartered Accountants) 1 Puddle Dock, Blackfriars, London EC4V 3PD

Valuers **JONES LANG WOOTTON** (Chartered Surveyors) 103 Mount Street, London WIY 6AS

Registrars and Transfer Office BARCLAYSBANKPLC Registration Department Radbroke Hall, Knutsford, Cheshire WA169EU

PARTICULARS OF THE GROUP

The information below relating to the Company and its subsidiaries "the Group") has been provided to Hambros Bank Limited ("Hambros") by the Directors of the Company.

1. Introduction

The Company is the holding company of a property investment and development group. Its primary policy has been to create investments for retention by the Group, either by development or refurbishment or improvemen

Since its formation at the end of 1971 the Group's net assets have increased from approximately £145,000 to approximately £19.5 million. During the same period the net assets per share, on a fully diluted basis, have increased by some 29 times to 182p, based on the pro-forma consolidated balance sheet in paragraph 8 of the Accountants' Joint Report, below.

2. History

: Anning

SALE INDE

A CONTRACT

The Company was formed by Mr. G. W. Leigh and shortly thereafter Mr. R. W. Struth and Mr. T. J. B. H. Stranack joined the Board.

The initial strategy was to concentrate on acquiring key sites and buildings in a small number of selected locations with a view to building up major land holdings for comprehensive redevelop-ments, mainly for office use. When completed and let the new developments were to be mortgaged and retained by the Group as investments. Being privately owned the Company aimed for capital growth, with less emphasis on profit growth in the short term.

By the end of 1973 the Group had acquired the whole or a major

part of 5 sites which were considered suitable for large-scale development and the Company had entered into arrangements with The Norwich Union Life Insurance Society ("Norwich Union"), which subscribed for 20 per cent. of the then issued share capital of the Company and agreed to provide medium and long-term finance.

The largest of the sites was at Aldgate, London El, covering an area of approximately 15 acres, the major part of which was assembled by the end of 1973. By the middle of 1974 negotiations were well advanced with National Westminster Bank Limited for that bank to occupy on a rack rent basis a computer and office complex of about 600,000 sq ft to be developed by the Group. However, the rapid deterioration in the property market and more particularly the combined effects of high interest rates and the introduction of first letting tax led the Group to sell the site to the bank, resulting in a substantial capital surplus and a considerable reduction in borrow-

Between 1973 and 1975 the Group completed three important developments. The Guardian House in Farringdon Road, London ECl, is retained in the portfolio; the other two were office buildings in Norwich and Maidenhead (Phase I) which were subsequently sold to Abbey Life Assurance Company Limited and Rolls Royce Pension Trust Limited respectively.

For some time after 1974 the Directors considered that general economic conditions did not encourage site acquisition and development. They therefore turned their ettention to the acquisition of properties with existing income where refurbishment, rent increases, the renegotiation of lease terms and marriage value would increase capital value. A decision was also reached to invest in shops in view of their expected rental growth as a result of wage inflation. These policies resulted in four acquisitions, namely Victoria Station House, London SW1; Eastgate House, Leeds; Queen Victoria Street, Reading; and Farnham Road, Slough, These properties have been retained as investments and now account for some 42 per cent. by value of the current portfolio.

By 1979 the improvement in the property market made itpracticable for the Group to become involved again in development activities, as evidenced by the projects at Great Smith Street and Maidenhead (Phase II).

In December, 1981 arrangements were concluded with Royal Insurance Company p.l.c. ("Royal") for it to subscribe £3,500,000 of the Stock and to make available up to £10 million of long term mortgage finance. These arrangements are described in more detail below.

In 1975 the Directors recognised the desirability of creating trading profits in order to offset the shortfall in rental income from investment properties against the high level of interest charges. In that year the Group acquired a modern estate of 150 houses in Woodbridge, Suffolk, occupied by United States Air Force personnel and leased by the United States Government. As the leases. expired the Group sold the houses over a period of several years expired the Group acquired a to provide substantial trading profits. In 1978 the Group acquired a similar estate at Bioester, Oxfordshire, at a cost of £1,500,000. In 1979 two freehold sites, one in County Durham and one in Suffolk, each with planning consent for residential development, were acquired. at a total cost of approximately £800,000.

3. Current Activities

It will be seen from the Summary forming part of the Valuation of the Group's properties as at 12th March, 1982 by Jones Lang Wootton, that of the total value of £30,825,000 as at that date some 80 per cent. was represented by properties held as investments and the balance by properties held for development or refurbishment; the valuation excludes mosor interests, which have been valued by the Directors, excudes minor interests, which have been treated in accordance with the Accounting Policies set out in the Accountants' Joint

Report The following is a brief description of the principal property

Eastgate House, Eastgate, Leeds

Lasigne House, Lasigne, Lasigne, Lasigne in 1960 and comprises 17 This prominent building was constructed in 1960 and comprises 17 shop units, 58,000 sq. ft. of offices, let for the most part to 2 first-class

ants, and a basement car park.

A long leasehold interest was acquired at the end of 1977, when the building was fully let on leases expiring in 1981 and producing a total net annual rental income of £39,000. The short remaining terms of the leases and the poor condition of the building made it unsuitable for institutional investment and the Group took the opportunity to purchase it at an advantageous price. The freehold was subsequently purchased and the property extensively modernised so that on completion of the renewal of the occupation leases it will produce a net annual income of approximately £250,000. The property is now considered to qualify for institutional investment.

The Guardian House, 119 Farringdon Road, London, EC1 The Group carried out the speculative development of this 84,000 sq. ft. high-quality long leasehold commercial building in 1974-75. Shortly after completion it was let to Guardian & Manchester Evening News Limited as the London headquarters of "The Guardian" newspaper,

35 Great Smith Street, London, SW1

This building, held on a lease with 920 years unexpired at a fixed nominal ground rent, represents the most valuable investment in the portfolio and provides approximately 32,000 sq. ft. of outstanding quality, air-conditioned office space, together with car parking facilities, It was originally constructed in two parts in 1926 and 1935 and was purchased in 1979 with planning consent for office use. The Directors considered that the building could be altered in a way that would substantially improve the accommodation and increase the value. A revised planning permission along the lines envisaged was obtained and the reconstruction was completed in 1981. The building is now let to a Government-owned company.

Phase II, Syntex House, St. Ives Road, Maidenhead.

The Group's interest in this freehold property, which comprises a 15,000 sq. ft. high-quality office building in a prime position, has been created from a development completed in January, 1982 on behalf of Rolls Royce Pension Trust Limited, to whom a 99-year lease (with an option to renew for a further 26 years) was then granted at a rent at all times equal to 49 per cent of the rent received by it in respect of the building. The development was pre-let in 1990 and the initial rent being paid is considered to be significantly below the current market rental value.

Wadsworth Road, Perivale

This freehold factory, constructed in the 1930's, occupies a site of some 1.24 acres in an established industrial area and provides 62,000 sq. ft. of floor space.

20-year lease without a full repairing covenant. At the time of the rent review in 1980 the Group took the opportunity to renegotiate the lease onto full repairing terms which, together with the increase in rent, has resulted in a substantial appreciation in capital value.

Queen Victoria Street, Reading

This freehold property, situated in Reading's central shopping area, comprises 12 shop units, the majority of which are let to multiples, and 11,000 sq. ft. of office space, mainly let to local professional

The property was acquired in 1978 following the policy decision to invest in shops. The Directors considered that, in addition to the growth potential in the shops' remis, the steady improvement in office rents in the area to the west of London would result in substantial reversions; there were also possibilities for improving the office accommodation. The increase in rents from both shops and offices has in fact been considerable and a continuing programme of modernising the office accommodation is in hand.

Farnham Road, Slough This property, held on a lease with 954 years unexpired at a fixed nominal ground rent, comprises 32 shop units and maisonettes and a upermarket. It is in an excellent trading location with the majority of the shops let to multiples.

When the property was acquired in 1979 the rents being received were well below market rents. The Directors considered that, since many of the leases were about to terminate or were due for review, opportunities existed not only to increase rents but also to establish an overall pattern of sound estate management. This policy has been successful. Where rents have been reviewed or new leases granted the average increase of rent has been some 80 per cent, Further reversions or reviews will result in substantial rent increases on many of the remaining shops during the next two

Deltec House, St. John Street, London EC1 This substantial industrial and office building, on a site of approximately I acre close to the City and to Smithfield Market, was acquired as a high-yield investment with long-term redevelopment prospects. Of 19th century construction, the building was substantially reconstructed after 1945. The property contains modern offices of 24,000 sq. ft. with an established use certificate and a meat processing and distribution centre of more than 50,000 sq. ft. The property is let to a subsidiary of a major American company and a rent review is due in April, 1983, when the Directors expect that there will be a substantial increase in rental income.

Victoria Station House, Victoria Street, London, SWI This property, in a prime location, comprises a 40,000 sq. ft. office

building with extensive adjoining restaurant premises. When the 48 years' unexpired residue of the head lease was acquired in 1976, it was evident that a marriage of interests should be achievable to benefit both the Group and the fresholders; the resultant negotiations led to the grant in 1977 of a new long lease. The property was acquired subject to a 48 year occupation underlease of the offices with seven year rent reviews but contracts have recently been exchanged for its surrender. This has provided an opportunity, which might not otherwise have arisen for 42 years. to refurbish the offices and relet them on a modern lease with fiveyear rent reviews. A major refurbishment is planned to start in April 1982 and to be completed by April 1983.

The funding arrangements for this resurbishment have not yet been settled but may include the disposal of a majority equity interest in the office part of the property, with the purchaser pro-

Broadway, Stratford, London E15

Stratford, an important London suburb some 4 miles east of the City with excellent road and rail communications, staff availability and shopping facilities, already has an established office centre, the occupants of which include major international compani

The site, in the heart of Stratford, was one of the 5 sites referred. to in "History" above as being suitable for large-scale development; sufficient land and buildings to enable development to proceed were acquired before the end of 1973. The total site area is now over 4.8 acres, of which 1.3 acres are long leasehold. At the time of acquisition most of the buildings were occupied but were in need of repair and refurbishment.

Adverse property market conditions and the difficulty in obtaining an Office Development Permit precluded the immediate development of the site and accordingly short term leases were granted to increase income. During 1975 the Directors decided that certain small office buildings would not necessarily form part of the comprehensive redevelopment and in consequence those buildings

were refurbished and let on longer leases with regular rent reviews. In December, 1979 outline planning permission was granted for the development of a single office building having a gross floor area of 267,500 sq. ft. However, the demand for and ancess in letting the small refurbished office buildings led in 1981 to the alternative concept of an imaginative office development scheme to be known as the "Broadway Office Village" which would comprise small office buildings varying in size from 1,700 sq. ft. net to 11,000 sq. ft. net grouped in terraces around landscaped pedestrian courts and piazzas. Approval for this development has been given by the London Borough of Newham Planning Committee and full planning permission is subject to the G.L.C. not giving a direction that such permission should not be granted. The first phase, on the freehold land, would provide a total office area of 121,000 sq. ft. gross together with restaurant premises, service roads and parking for 121 cars. The second phase, of about 63,000 sq. ft. gross of offices would be developed in the longer term on the leasehold land. The

village would be a fully managed private estate.

Finance for the development is already arranged with Norwich Union and construction could commance later this year, with phasing over 3 or 4 years according to demand.

Trading Activities

The estate at Bicester, referred to in "History" above, comprises 150 semi-detached and terraced houses built in the early 1970's for occupation by United States Air Force personnel. Prior to the termination of the leases which existed in 1979, terms were negotiated for their extension and rearrangement and for the rent from the estate to be increased to £242,500 per annum, which reduces as vacant possession of houses is given. To date the sale of 27 houses has been completed and 25 houses are under contract or under offer. Under the current programme all houses will have been released by October 1985.

The freehold site of 8 acres at South Helton, County Durham, which has planning consent for 102 houses, is being developed in equal partnership with a house developer; all finance is provided by the Group and site management and house sales are carried out by the developer's staff. Sales have proceeded steadily and to date 28 houses have been sold, with a further 12 under contract or under

The freehold site of 34 acres at Sudbury, Suffolk, has planning consent for 238 houses and all major services are available. The Group has not taken decision on when, or if, work on this development will start.

4. Premises The Group's head office at 6 Arlington Street, London S.W.1. comprises some 2,750 sq. ft. Terms have been agreed for a new lease for 25 years from 25th December, 1981 at an initial annual rent of £44,000, exclusive of service charge, with five yearly rent reviews.

5. Directors, Management and Staff
Mr. G. W. Leigh, the Chairman, is 51 and has been continuously involved in property activities since 1948. He was a Director of a listed public property company, Kennedy Leigh Properties Limited. from March, 1961 until September, 1985 when, after the introduction of capital gains tax, it was placed in members' voluntary liquidation. In addition to his duties as Chairman, Mr. Leigh maintains an executive role in the constant re-assessment of Group policy and takes an active part in the inspection and consideration of new properties or schemes and the introduction of new busines

Mr. R. W. Struth, the Managing Director, is 51 and has been involved in property investment and development since 1945. He became a Director of Kennedy Leigh Properties Limited in 1963, when his firm and two associated property companies were acquired by that company. Since that time he has had a number of property interests, including a partnership in a small firm of valuers d surveyors. He rejoined Mr. Leigh in 1970 and their association led to the formation of the Group in 1971. He is responsible for all aspects of management of the Group and makes those corporate decisions that do not require full Board approval.

Mr. T. J. B. H. Stranack, a solicitor, is 42 and has been a nonecutive Director of the Company since the formation of the Group. Mr. D. J. Harris, the Secretary and Accountant, is 51 and joined the Group in January, 1982. He had previously been employed by ssrs. Hodgson Harris & Co., in which capacity he had dealt wifn

the affairs of the Group since its formation. Mr. M. Struth is 32 and joined the Group in 1973. He deals with the evaluation of new business, project management, feasibility studies, rent reviews and trading activities and is assisted by Mr. R.

J. S. Harris, who is 27. Mr. J. H. Lines, the Group property manager, is 63 and joined. the Group in 1972. He is assisted by Mr. R. M. Kuhnel, who is 28. For all developments and refurbishments, except those of a minor nature, an outside professional team is employed.

Employee Share Scheme

The Company has a share scheme for employees, the trustees of which are Mr. Leigh and Mr. R. W. Struth. Each year the Board nominates a percentage (not exceeding 3 per cent.) of Group profits for the year to be applied to the purchase of shares of the Company by the trustees on behalf of the employees. The maximum value of shares that may be set aside each year for any single employee is £1,000, and each employee's entitlement is determined by a formula related to annual salary and length of service. Employees may participate in the scheme only after completing 3 years' service with the Group. The sum applicable to the scheme in respect of the 11 months to 30th September, 1981 is £5,546.

7. Financial Information

(a) Sources of Finance
Funding of the Group's activities is provided by the Stock, by a Finance Agreement with Norwich Union and by various bank facilities. Apart from overdraft facilities provided to subsidiaries for properly trading activities, all borrowing is effected by the Company which then provides the financing required by its subsidiaries.

 £3,500,000 of the Stock was subscribed by Royal in December, 1981 and a further £1,000,000 is to be subscribed by Royal on 27th April, 1982; details are set out under "Terms of the Stock" in "Statutory and General Information" below. If not converted the Stock will become repayable at par on 31st December, 1993. In the meantime it carries interest at the rate of 73 per cent. per annum.

Contemporaneously with the first subscription of the Stock Royal confirmed that it would be prepared to make available to the Company, on approved terms, long-term mortgage finance of up to £10 million during the period from 1st January, 1982 to 31st December, 1986. The rate of interest will depend on market conditions at the time of the advance.

Norwich Union has undertaken to provide short and long term ance for the purchase and development of properties which it has previously approved. Almost all the Group's investment and development properties are or have been approved for this purpose. The maximum amount of the Norwich Union facility available at any one time is £10 million for both short and long term advances. A total of £3,984,000 is currently borrowed by way of short-term advances. The Stratford development is an approved development project and qualifies for finance under these arrangements. On any approved project being completed and let, the Company may, within the overall limit of £10 million, borrow up to two-thirds of the value of the property at Norwich Union's then current rate of interest for such loans, for a term, to be specified by the Company, between 20 and 40 years. The agreement ceases, as to short term advances on new projects, in 1988, and as to long term advances in 1990 or (if later) two years after completion of building works on an approved

Of the total net proceeds of the Placing some £1.69 million will be represented by subscription moneys receivable by the Company (after deduction of such of the estimated expenses of the Placing as are payable by the Company) and will be utilised initially to reduce short term borrowings. Partly in consequence of this, investment properties having an aggregate value of some £18 million will be uncharged. Taking into account these uncharged properties, the amount of the proceeds of the Placing receivable by the Company and existing facilities, the Directors are of the opinion that the Group will have sufficient working capital for its present requirements.

As will be seen from paragraph 8 of the Accountants' Joint Report, below, the net assets of the Company immediately following the Placing will amount to approximately £21.7 million, representing a net asset value of approximately 188p per share before conversion of the Stock and 182p per share assuming full conversion of the

On the basis of the figures shown in that paragraph, immediately following the Placing and assuming that the subscription of the further Stock had then taken place, total Group borrowings would amount to £9.7 million (of which £4.5 million would be represented by the Stock), compared with gross assets of £34.8 million and shareholders' funds of £21.7 million.

(c) Profits and Dividends

The Directors forecast that profits before taxation for the year ending 30th September, 1982 will not be less than £500,000. This forecast takes into account expected gross rental income from investment and trading properties of £1,800,000 and £140,000 respectively. The assumptions on which this forecast is based appear in paragraph 5 of "Statutory and General Information", below. On the basis of the above forecast the Directors expect that the

Company will pay in or about January, 1983 on the enlarged issued share capital a dividend of 1.4p per share, equivalent with the associated tax credit to a gross dividend of 2.0p per share. In that connection your attention is drawn to paragraph 6, "Taxation" in "Statutory and General Information", below, If the net proceeds of the subscription of Shares in the Placing

and of the £4.5 million of the Stock in issue and to be issued had been available to the Company for the whole of the year ending 30th September, 1982 and had been applied in reducing existing borrowings, interest payable of £300,000 would have been saved, resulting in pro-forma forecast profits before taxation for that year of £800,000. If the Company had been a public company for the whole of that year and had earned profits before taxation of £800,000, the Directors would have expected to recommend an interim dividend of 0.9p per share payable in about July and a final dividend of 1.9p per share payable in the following January which, with the associated tax credit, would have been equivalent to gross dividends totalling 4p per share.

The following table illustrates the appropriation of pro-forma profits before taxation of £800,000 with dividends totalling 2.8p per

Profits before taxation Less : Taxation at 52 per cent.	£000 800 416
Profits after taxation Dividends totalling 2.8p (net) per Share	384
on issued share capital	323
Leaving for retention	81
On the basis of the above table and at the pla	erine prine

136p, the gross dividend yield would be 2.94 per cent, and the dividend would be covered I.19 times by available profits.

The Future

The Company's fundamental objective is to ensure a better-thanaverage growth in net assets while maintaining a progressive dividend policy. The Directors believe that this will be achieved both from the investments and developments in the current portfolio and also from new projects, a number of which are currently being considered.

The Group would wish, as hitherto, to retain for its portfolio as

large a proportion as possible of the investments which it creates, but it is likely that in future some developments will be carried out in conjunction with institutions.

Additionally, the Group expects to continue to earn profits from its existing property trading activities for several years to come. The Directors consider that the present market conditions provide an excellent opportunity for the Group's expansion; the subscription of the new Ordinary Shares and the Stock, by strength-ening the Company's capital base, will provide an ideal spring-

CONTINUED

ACCOUNTANTS' JOINT REPORT

	10000111111110 JOZI12 1021	
The following is a copy of a Joint Report of the Auditors of the Company and Joint Reporting Accountants,	(d) DevelopmentProperties	7.9 Findameis
The following is a copy of a Joint Report of the Auditors of the Company and Joint Reporting Accountants, Messrs. Frodgson Harris & Co., Chartered Accountants, and the Joint Reporting Accountants, Messrs. Past, Marwick, Mitchell & Co., Chartered Accountants.—	Properties held for investment which become suitable for redevelopment or major refurbishment are naived in the accounts at the lower of their open market investment value and the realizable value for redevelopment purposes	Fixed assets of the Group at 30th September, 1981 comprised: Cost Dispression Rook Ve
The Directors, Standard Securities PLC and	when development commenced plus subsequent corrs. Properties purchased for development are stated at the lower of cost and not realisable value.	3 <u>0003</u> <u>0003</u>
Hambres Bank idmited 25th March, 1982	Cost includes interest less rental include (set of teacher sellet where appropriate).	Piant
Gentlemen,	A property ceases to be treated as being in the course of development on the chas on which restal income exceeds 50 per cent. of that expected to be received when the property is killy let, and in so case later than 12	Molor vehicles 88 (39)
We have examined the sufficed accounts of Standard Securities FLC ("the Company") and its sufficialities for the four vestra and element months and alarms months are alarms and alarms months and alarms months are alarms and alarms are alarms and alarms months are alarms and alarms are alarms are alarms and alarms are alarms are alarms and alarms are alarms are alarms and alarms are alarms are alarms are alarms and alarms are alarms are alarms are alarms are alarms and alarms are alarms are alarms are alarms are alarms are alarms and alarms are alarms are alarms are alarms are alarms a	months after the date of practical completion.	
We have examined the surfited accounts of Standard Securities FLC ("the Company") and its subsidiaries for the four years and elevan monits ended 30th Septianber, 1881. The accounts through this period have been audited in accordance with approved auditing standards by Sydenham & Co., Chartered Accountagis, and then Hodgson Harms & Co., Chartered Accountagis, and then Hodgson Harms & Co., Chartered Accountagis, with whom Sydenham & Co. marged their practice.	On completion of a development a professional valuation is carried out and any surplus or deficit is transferred to or from the revaluation reserve.	7.10 Interest in subsidiaries
No arrited accounts of the Comment of the Comment of the same of the same series with a contract of the contra	4	The Company's interest in subsidiaties at 30th September, 1981 comprised:
to authoptemper, 1381.	(e) Properties held for trading Properties held for trading, including work at progress, are included at the lower of cost and not reclicable value.	Shares at valuation 19,101 Amounts receivable (4,02)
The summarized profit and loss accounts, movements on reserves statements, balance sheets and source and application of tim in catements and source are bessel on the suclided accounts of the Company and its substitutioner.		Amounts payable 23.97
The summarized profit and loss accounts, movements on reserves statements, halance sheets and source and application of funds statements set our below are based on the audited accounts of the Company and its submitted accounts of the Company and its submitted ("the Group") after making such adjustments as we consider appropriate. In our opinion, these summaries, which have been prepared on the basis of the accounting policies set out in paragraph 8, together with the motes, give a true and fair view of the results and of the source and application of funds of the Group for the periods stated and of the state of a fair of the Group for the periods stated and of the state of a fair of the Group for the periods stated and of the state of a fair of the Group for the periods stated and of the state of a fair of the Group for the periods stated and of the group for the periods are group for the periods and of the group for the periods are group f	Househalding profits are taken when there has been exchange of contracts with purchasers and houses are	· ·
true and fair view of the results and of the source and application of funds of the Group for the periods stated and of the state of allows of the Company and of the Group at 30th September, 1981.	physically completed, provided that logal completion has taken place before or within three munits after the end of the accounting pened.	
· I	-	7.11 Other investments
7 Committee and Co. 19	(f) Interest Exterest included in the cost of development properties and properties held for trading is calculated by reference	Officer investments at 32th September, 1881 comprised: Group Compa
1. Consolidated Profit and Loss Accounts 11 months ended 30th	to specific instrumings where relevant and eitherwise at the rate paid on development bottomings,	Unlisted investment at cost 250 Lours on mortuges 34
Years ended 31st Ontober. September.	Other interest is charged to the graft; and loss account.	سست سيست
CTQ2 0002 0002 0002 0002	(g) Depreciation and Association	284
Tentropolis Vision printer pri	No depreciation is provided in respect of freehold or issuebuid investment properties, except in the case of short leavehold investment properties having a Lie of less than 23 years, where the book value is written off in equal	The Directors are of the opinion that the value of the unlisted investment is aqual to its book value.
Investment and development properties 718 889 1,122 1,174 1,143	miniments over the remaining term of the least.	
Property management and outgoings (198) (270) (256) (265) (237) Net restal income (220) (256) (265) (237) Net restal income (220) (256) (265) (237) Net restal income (220) (256) (265) (237) Net restal income (256) (265) (237) Net restal income (256) (265) (26	Provision for depreciation of fixed assets is made on a reducing balance basis at 15 per cent, per amoun for callice formittee and fixtures, 25 per cent, per amoun for plant.	Z.12 Deferred taxation. Group Company
Not rental income 575 780 1,152 1,180 1,147 Not trading income 7.2 64 223 495 524 261 Other income 36 30 6 6 2	(b) Repairs and Maintenance	Full Full Polyment Polyment
775 1.033 1.853 1.710 1.403	All experdings on repairs and maintenance is written off as interred.	Liability Liability
	G) Deferred Tazanom	Corporation fact at the reduced rate of 30 per cent, applicable to the reduced rate of 30 per cent, applicable to the surples arising from the availables of :
Taxasion: 7.5 (56) (234) (425) (27) (124)	Deferred taxation is provided under the liability method on timing differences except to the extent that, in the	Chargeable gains on the surplus anang from the revaluation of: The investment and development properties The Company's interest in substitution (4.54)
Deferred taxation released in respect of stock appreciation relief in previous years	opinion of the circulors, the lax relief granted is likely to commune for the foreseeable future,	The Company's interest in substitution Corporation tax at 52 per cent. on: The excess of the book values of qualifying assets over their written down values for taxing purposes (4,542) The company's interest in substitution of the company of
Profit attributable to shareholders 108 210 260 481 153 Retained profit/(deficit) brought forward 78 (19) (11) 115 256 452	() Interest in Substitiaries	Advance corporation tax - 305
Dividents: 7.8 First interim (41) (94) (109) (131) (158) Second interim (164) (122)	The interest in the chares of subsidiary companies is stated at directors' valuation on a basis which takes account of the man account valuation of the investment properties of the subsidiaries but without deduction for deferred taxation.	Losses carned forward - 311
Partained profit/(delicit) carried forward. (11) 115 258 452 234	taxice.	
Earnings parchare 7.7 L08p 2.10p 2.60p 4.20p 1.53p	(x) Tormover	In accordance with the Group's accounting policy and reflecting the Directors' intention that the investment pro- erties are bold for the long term, no provision has been made in respect of sustain on capital gains which wo arise it investment properties were realised at the substains at which they are included in the accesses. For h
i ·	Transver consists of gross rental income and the proceeds of sale of properties held for trading.	arise if investment properties were realised at the valuations at which they are included in his accounts, nor a any provision been made in respect of inclustrial building allowances which have been claimed.
	· · · · · · · · · · · · · · · · · · ·	
2. Revaluation Reserve Movements	· · · · · · · · · · · · · · · · · · ·	7.13 Current assets
11 months anded 50th	7. Notes	Current assets at 30th September, 1981 comprised: Crosp Compa
Years ended 31st October, September, 1977 1979 1981	7.1 Tanayer	
5000 5000	11 menths ended 30th Years ended Sist October, September,	Debtors 1,115 Bank balances and cash 183 I
Transfer of revaluation (surplus)/deficit realised in the period to distributable Capital reserve (43) 127 7 (9) (121)	1977 1978 1979 1980 1981	3,645
858 207 (38) 1,481 8,525	Gross rental income £200 5000 5000 5000 5000 5000 5000 5000	
It has not been practicable to apply retroactively the policy of amnual revaluation of properties, in the years ended. Slat October, 1979, 1979 and 1980 certain properties only were revalued.	1,164 1,645 2,340 2,382 2,983	Z-14 Current liabilities
31st October, 1978, 1979 and 1989 certain properties only were revalued.	· · · · · · · · · · · · · · · · · · ·	Cirrent liabilities at 30th September, 1931 comprised;
i ·		Group Compa
3. Distributable Capital Reserve Movements	7.2 Net trading income 11 menths ended 30th	Creditors £000 £0 Taxation 2,181 6 Dividends 1,120 1,1
11 mornies	Years ended 35th Cotober, September, 1977 1978 1979 1980	Taxation 1.120 1.1 Dividends 435 435 Bank overdrafts 120 Course of these because 120
11 momes anded 30th Years ended 31st October, September, Notes 1977 1978 1979 1980 1981	1977 1978 1979 1980 1981	Creditors
2002 2003 2003	Sale of properties held for trading 233 585 622 917 1,588 Cost of sales (225) (372) (437) (393) (1,175) Province for domination in value of land	
Realised surplus on sale of properties 82 470 1 270 578 Transfer of revaluation surplus/(deficit) realised In the ceriod from revaluation reserve 43 (137) (7) 9 121	Provision for diminution in value of land	Included in traction is an amount of £930,000 which has been set saids to cover possible traction liabilities in respect the sale of a subsidiary company in 1975. It may not be possible to detarmine for some time whether or n
Realised surplus (Celicit) on sale of investments 1 1 — 82 (4) Taxation on realised surpluses 7.5* (53) (108) (7) (110) (216)		this provision is required.
1 axabon relie; in respect of capital allowances		7.15 Share espital
Advance corporation tax 7.51 — (16) (47) (126) (116)	7.3 Interest 11 months	7.18 Share espital The authorised and issued share capital of the Company et 30th September, 1981 was :
<u>158 308 98 235 423</u>	ended 30th Years anded 31st October September,	The authorised and issued share capital of the Company of 30th September, 1981 was: Suthorised: 750,000 ordinary shares of £1 each 2.
	1977 1978 1979 1980 1981	Issued and fully paid: 825,810 ordinary aberes of £1 each 6.
• • • • • •	Early interest E000	(In 4th March, 1983 the authorized share quite) was furnessed to \$2.700 ft() and each of the original 228 ft
4. Balance Sheets at 30th September, 1981	Interest transferred to cost of properties: 491 422 901 1,773 1,605	ordinary, shares of \$1 was subdivided into four ordinary shares of \$5p each and 7,510,620 ordinary shares were issued to the Company's shareholders by way of capitalization of share premium account and other reservor is the total sum of \$1,578,000.
Notes Group Company 5000 5000	Interest transferred to Cost of properties:	the total sum of £1,678,000.
Ansatz employed	491 422 764 1,139 838	
Final agents		7.16 Reserves
Table assistance at valuation Table Tabl		The reserves of the Company and the Group at 20th September, 1981 comprised: Group Company
34,262 29,711	7.4 General expenses included:	Share premium account 1775
Current liabilities 7.14 (7.465) (4.198) 26,796 25,513	11 monitus anded 30th	Share premiuta account: Capital reserves—revaluation distributable 3.910
·	<u>1977 1978 1979 1980 1981</u>	
Financed by: Share capital 7.15 626 626 Reserves 7.16 18.823 18.623	Depreciation 5000 5000 5000 5000 E000 Leasing and hire charges 4 5 8 11 8 14 18	18,823 18,52
19,448 19,449	Leasing and hire charges — 14 16	
Shortterm barrovings 2.17 7,347 6,064 26,796 25,513	7.8 Taxation	7.17 Short term borrowings
	The taxation (charge)/credit, based on the profit for the period-comprised:	Short term borrowings at 30th September, 1981 comprised mortgages and bank loans repayable: Group Compan
i e e e e e e e e e e e e e e e e e e e	II months excited 30th Years ended 31st October, September,	
	1977 1978 1979 1980 1981 5000 5000 5000 5000 5000	
5. Consolidated Statement of Source and Application of Funds	UK Corporation tax at 52 per cent:	7,347 6,06
Il monthe ended 30th Years ended 31st October, September, 1977 1978 1979 1990	Deferred totalion (20) 10 (187) 38 196 *Transfer from capital reserve in respect of corporation (ax charged against realised	7.18 Guazantoes
0003 0003 0003 0003	capital surphises 53 108 7 110 210 -	The Company has guaranteed certain indebtedness of subsidiary companies. At 30th September 1991 the proper
Scurce of funds: Frofit before taxation Adjustment for items not involving the movement	of capital allowances on expendings on investment properties (85) (88) (158) (160) (59) Taxation relief on interest transferred to cost	guaranteed amounted to £3,083,000.
of funds; Decrequation 4 5 8 11 8	of properties — — (23) (43) (471)	
Taxarion relief on interest transferred to	Deferred taxation released in respect of stock appreciation relief in previous years,	7.19 Capital continuous
Total generated from operations 177 449 621 303 (185) Funds from other sources:	pursuant to the Finance Act. 1981 Taxation underprovided in previous periods	There was no outstanding authorised capital expenditure at 30th September, 1981.
Sale of properties 788 1,702 12 558 1,205	(58) (234) (425) 170 (124)	
Loans on mortgage repaid. 22 270 6 Lissue of shares - 733 2.552 - 710	Stock appreciation relief 499 se	8. Pro Forma Consolidated Balance Sheet
Bani: loans — 1,080 1,790 300 2,100	Other permanent timing differences (4) (10) (3) (20) (6) Losses carried forward	The following pro forms consolidated balance sheet is based on the audited consolidated balance sheet of the Group at 30th September, 1981 adjusted to show the approximate effects of the following subsequent and intended
994 4,197 4,862 1,697 3,838	(5) (3) (31) (11)	transactions as though such evenus had taken place on that date:—
Application of Funds:	Allend I belong to the same and	 (a) the subscription on 18th December, 1981 by Royal Insurance Company pile of £3.500,000 Tł per cent. convertible unsecured loan stock 1993 at par;
Application of Funds: Purchase of Punds: 1,649 1,844 3,634 2,053 2,464 Purchase of properties 13 26 18 11 6 Purchase of ciner investments 26 432 42	*The credit to profit and less account in respect of corporation tax charged against realised surpluses on sale of	(b) the subdivision on 4th March, 1982 of each of the sxisting 625,910 ordinary shares of 21 into four ordinary
Leass cu merigage advanced 270 2 22 23 24 25 25 25 25 25 25 25	properties and investments represents the fax value of revenue losses set off against the liability to corporation for me charceable cains.	capitalisation of share premium account and other reserves in the total sum of \$1,977 : 30.
Repayment of bank to this 250 200 200 200 200 200 200 200 200 200	†The charge to profit and loss account for relief in respect of capital allowances on expenditure on investment	(c) the subscription by Hambros Bank Limited (conditionally on the Council of The Stock Exchange admitting to the Official List the share capital of the Company, issued and now being issued) of 1,500,000 ordinary shares of 25p each ar 136p per share. The net precedes to the Company of the placing are estimated at \$1,650,000;
(869) 2,234 402 (1,119) 704		
Increase/(decrease) in working capital: Properties held for trading including		(d) the subscription by Royal Insurance Company p.l.c. on 27th April, 1982 of a further £1,000,000 Ti per cent.
work in progress		(e) the repayment of bank loans and mortgages amounting to £3.500,000 in December, 1981 and expected repayments of other bank loans and mortgages amounting to £3,890,000 in April, 1982;
· · · · · · · · · · · · · · · · · · ·	7.6 Dividends	 (i) the transfer of certain properties from investment properties to development properties on the commencement of development;
Bank overdrafts 1 241 (193) (1,112) 1,758		
(989) 2,234 402 (1,179) 704	of the country of the years ended that country is 1977 to 1980 respectively and were designed at the rate of 220 rest share on the issued share country of 255 910 is represented the property and 2015 to the rate of 2015 to the	(g) recognizion of the property valuation by Jones Lang Wootton at 12th March, 1982, abowing a further revaluation surplus of £800,000.
	The Directors have subsequently declared second interim dividents for the year ended 31st October, 1980 at the	Group
·· · ·	the eleven months ended 30th September, 1981 at the rate of 1.338p per share on the enlarged issued share capital of £2,503,640 payable on 28th Fabruary, 1983 to the marcholders on the register on 19th March, 1982.	Assets employed - Em Investment proporties - Development venoraries - 24.7
6. Accounting Policies		Development properties Fixed assets Other investments
The principal accounting policies of the Group, which (except as mentioned in 6(c) below) have been applied consistently throughout the period under review, are as follows:	2.7 Earnings perakare	Deforred terration 0.3 Current assets - 3.5
	The calculation of earnings per share has been been been in first profit after towards for each married and an an are	
(a) Accounting Convention. The accounts include investment properties at their open market values and in other respects are prepared under	saures, whom tares account of the sub-division of the share capital and the capitalisation issue on 4th March, 1982	(11)
The account include investment properties at most open market values and in outer respects are prepared under the historical cost convention.	profit after faxation of 1284,000 before taking account of the release of deformed taxation in respect of stock apprecia	Financed by:
(b) Banis of Consolidation		Share capital Reserves 2,9 18.8
(b) Bank in Companies on. The consolidated accounts include the audited accounts of the Company and its subsidiaries.	7.5 Investment properties	Loan stock 21.7
(c) Investment Properties	The properties of the Group at 30th September, 1981 are protected at a hosting small on the host of some and the h	Loan stock 21.7 Short term borrowings 4.5 5.2
Properties held for investment are stated at 30th September, 1981 at open market valuation. For the inture it is	SI that earn as remova:	31.4
intended that such properties will be stated at each halance anest case at man open manner variations at that	Valued by Jones Lang Woodlon, Chartered Surveyors Freehold Leasehold over 50 years to run 10.425	Adjusted not exacts persions: based on 11,518,638 shares, being the member of shares in issue after all these transactions 1380
I for an ambanas of austracts provided that level com-	Freehold Leasehold over 50 years to run Leasehold under 50 years to run 16.425 Leasehold under 50 years to run 75	based on 14,395,876 shares, being the number of shares in issue after all these transactions 1860 and conversion of the loan stock
pletion has taken place before or within three months and the end of the accounting center.	Valued by the Directors 30.225	1635
Carital	20.004	Your hithfully,
Capital surpluses and deficits arising on revaluation surpluses and deficits of previous periods, are trans- nurpluses and deficits arising on sale, including revaluation surpluses and deficits of previous periods, are trans-		Hodgeon Harris & Co.

هكذامن الأجهل

B. Properties held for development or refurbishment in the future

VALUATION OF PROPERTIES

Phase II, Synicz House, St. Ives Road, Maidenhead, Berksteire

The following is a copy of a Valuation by Jones Long Wootlen, Chartered Saveyors, of the Group's properties as at 12th March, 1982; the Valuation excludes minor interests, which have been valued by the Directors, and properties held for tretting, which have been treated in accordance with the Accounting Policies set out in the Accountants Joint Report. Description, age and tenure
A new office building completed in 1982 and providing some 15,270 sq. ft. of accommodation on ground and four upper floors with parking for 36 ctrs in the Terms of existing issuancies
The building is let to Rolls Royus Pausion Trust
Limited on a full repairing and insuring lease for 89
years from 8th Fabruary, 1982 (with an option for a
further 36 years). The initial rom payable is \$67.412 per
amon must will be calculated at 48.058 per cant, of the Property The Broadway Estate, Stratford, London, E18. (Versons individual properties including Nos. 63a and 66a Broadway, 4/8, 8, 10/12, 32/84, 36 & 40 Roudord Road and land at the rear; No. 42 Cross Street, 18 Transway Avenue and adjacent building in Victoria Street.) Description, age and tenure
Ten freehold properties and one leasehold property
within a Comprehensive Development Area
predominantly designated for office use and forming
part of the Stratford Central Area. The freehold Terms of existing tenencies
All tenancies of the freehold property have lease expiry
dates, redevelopment break clauses, or exclude the
security of tenure provisions of the Landlord and
Tenant Act whereby possession can be gained as
required. The current total gross rent from those
lettings is £72.150 per unnum. The planning permission restricts occupation for the first live years to Syntex Pharmaceuticals Limited or at associated company under the same control. Valuation of Properties as at 12th March, 1882

In secondance with the instructions of Standard Securities PLC ("the Company") we have valued the various freehold and lesseshold properties owned by subsidiaries of the Company, as listed and described below. We have earlied out inspections, made relevant local enquires and obtained such further information as we consider necessary for the purposes of providing you with our opinion of the open market values of the relevant interests at 12th March, 1982. The properties were previously valued for the purpose of the Company's accounts as at 30th September, 1981 when the aggregate of open market values reported was £30,225,000 (Thirty Million Two Hundred and Twenty-Five Thousand Pounds).

Our valuations have been made on the basis of open market value, as defined by the Royal Institution of Contracted Europouta. No allowances have been made for any expresses of realisance, or for tenetion which might all mortgages or other charges which may be secured thereon.

We have not read all documents of title or leases and, for the purpose of these valuations, have accepted the laws assumed that the properties are free of encumbrances, restrictions or other outgoings of an energial substitute which would affect the value, other than those which have been undicated to us. We have not earn original planning with such consists and that their properties have been exceed, and are being occupied and used, in accordance with such consists and that their are no outstanding statingly notices.

We were not instructed to carry out structural surveys of any of the properties, or to test any of the sorvices, and are not therefore able to give any assurances as to condition; however, we have reflected any apparent wants of repair mo our optimize of value as appropriate. On the Company's assurance, the properties have been valued, and are being occupied and used, in accordance with the benefit of the tenancies currently subsasting, is:

120 Acceptable.

120 Acceptable.

121 Acceptable.

122 A wholly-owned subsidiary of Syntex Pharmaceuti. Limited has taken an underlease for 25 years from 15th Fabruary, 1982 with five yearly rent reviews. An outline planning permission was obtained in 1979 for a comprehensive redevelopment including some 287,500 sq. fr. of offices accommodation (taking in also some additional land). The Company has there allowed an outline application for a revised scheme which includes some 184,000 sq. ft. gross of new office accommodation. ichings is £72.150 per unaum.
The former chema building is lot on two leases for storage and dynamatium uses, expiring in March 1982 and March 1983, an a current total rout of £32,963 per annum. The principal tenam, paying £20,500 per annum is to give up pessession on 25th March, 1982, to enable relating of the first floor to provide sports and leasure facilities required by the local authority as a condition occurant for the "Village" proposals.

Venezat excenting them in this huilding has a potential accommodation.

The freshold part of the revised scheme is to be known as "The Breadway Office Village" and 24 individual buildings are planned, to meet the demand for smaller units in this location. These would provide 121,000 sq. ft. of offices together with a wins har, resumman and 121 parking spaces. The balance of 63,000 sq. ft. of gross offices would be included in an eventual redevelopment of the lesseshold land currently occupied by a former cinema building and an old single storey factory. 21 Wadsworth Road, Parivale, Middlesex. Vacant accommodation in this building has a potential remail value, when lot, of about 256,600 per annum including the first floor. Description, age and tenure
A single-storey factory dating from the 1930's,
providing a total of some \$1,850 sq. ft.in ell, of which
40,850 sq. ft.is at ground level, the remaining
accommodation being in the form of a first floor Texas of existing terminist Let to Mardon Composites Limited on a full repair and insuring lease for 15 years from 25th Decen 1980 at a reat of £17,500 per annum, subject to re-The edjecent factory is let on a full repairing and insuring lease expiring in September 1965 at a fixed rent of \$400 per simum. Miscellaneous income, including licence fees from advertisement heardings, totals £3,075 per annum, Estimated current net annual rents receivable 577,500 We understand that although the "Village" scheme would be constructed in phases over a number of years, development could compence within 6 months of the granting of planning collsont and without additional land acquisitions. With two exceptions, the landlord remains hable (at structural and exterior repairs, decoration ore. & existing buildings; we understand however that insurance promisms are recoverable under all h Capital Value in existing state £700,000 Ensing buildings include older office, lactory, workshop and storage accommodation. workshop and storage accommodation.

The leasehold property (comprising the former cinema and adjacent factory) is held from the London Borough of Newham for 98 years from 31st October, 1880 (with an option for a further 28 years, at \$5,000 por annum for the first five years, the resider reviewable annually to the higher of \$5,000 per annum and 12 per cent. of the nex remail income from buildings on the site. The lease allows the Company the option of either partial or more substantial redevelopment and in the case of the latter, a new lease for the full original torm may be claimed from the date of redevelopment. If the redevelopment contion is exercised within the first 20 years, the rental provisions of the present lease would commune to apply. 5/27 Oneen Victoria Street, Reading, Berkshire. ·Freehold Long leasehold Description, age and terms
The property, which is within the principal shopping area of feeding, comprises a parade of ten shops
(including two double units) with some 11,000 sq.ft. of

"See accommodation arranged in small suites on three (Over 900 yrs) (Over 90 yrs) £10,350,000 £4,000,000 £5,100,000 Terms of existing tenancies
The property is let on 19 leases expiring between 1988
and 1985, swen with real reviews at seven yearly
intervals, the reconduct attitutivels of five years or
less. Current gross rems total 21.8,420 per annum.
One along said one office suits are vacant and available
for letting. C: Properties occupied primarily by the Company £75,000 £9.100.000 £75.000 £11,300,000 £10,350,000 The building dates from about the turn of the century and has a listed terracotta facade. The shops are let separately with the exception of Nos. 5 and 11 Queen Victoria Street where the upper floors are included. The individual properties are described below :floors are included.

With the exception of six leases where the landlord retains liability for the exterior and structure, we understand that landlord's outgoings are fully recoverable; all instruces premiums are reimburse. Several leases contain redevelopment break clauses. A. Properties held as investments Estimated current net around rents receivable \$122,850 (includes estimated rental value of parts of the lessehold property currently vacant, at £36,300 per Eastgate House, 10-42 Eastgate, Leeds, West Yorkshire Capital Value in existing state £2,200,000 *Note: Although the estate is held for development in the future, our opinion of value is supported by the current value of the existing promises and income, Description, age and tenure
An affice and shop building providing about 58,000 sq.
It. of offices on five upper floors and twelve shops
(including three double units and one triple unit).
There is a basement car park with 37 spaces. Terms of existing tenancies
All office leases expired on 38th September, 1981 or
25th December, 1981 and all tenants have indicated
their desire to renew. Agreement has been reached
with the main occupier, the Property Services Agency,
in respect of some 32,650 og, it., and also with one other
tenant. The total rent on renewal of these leases is likely
to be in the order of \$186,300 per annum. There are
likely to be five new leases, three of which will be to
the Property Services Agency; it is intended that all
will provide for rent reviews at intervals no greater
than five yearly. meinchole W. H. Smith, High & Mighty and Capital Value in existing state \$1,000,000* 258/280 and 284/338 Farnham Road, Stonoth, Bettishire. Although built in 1960, extensive repairs and modernization were carried out in 1980/81. Terms of existing immunies: Let on 30 leases expiring between 1983 and 2003; 22 shops with rent reviews at five yearly intervals, the remainder without further review. Current shop rends total (151,75) per augum. Victoria Station House, 181 Victoria Street, and 9-10 Terminus Place, London, SW1. Estimated conzent not surnal rents receivable \$248,250 Terms of existing tenancies
The offices are lot to Humphreys and Glass aw Limited
on a bull repairing and mainted loase for 531 years from
25th March, 1970 at a current rout of ECS, 631 per
aminn, subject to 7 yearly upwards-tally real reviews.
The tegan has contracted to arrendor the loaso and to
give vacant possession on 31st March, 1982. Description, are and tenure. An office healthing of some 40,390 sq. it. on sight upper floors with a self-contained ground floor entrance together with adjacent restaurant premises on ground and measures floor. Nime shops are let on filteen year lesses from dates between 1978 and 1981, and have real reviews at five yearly intervals or less. Torns for new lesses have been agreed with three other stop tements, two of whose lesses expired on 23th September. 1981, and one which will expire on 12th May, 1982. Curront shop rents total £81,860 per amount. The supermarket is let for 999 years less 21 days at a fixed rant of £420 per assum. Builtin two phases in 1956 and 1962. Lessehold for 989 years from 24th June, 1837 at a fixed rent of 2.5 peace per annum. Capital Value in existing state £3,800,000 Lesses are generally on full repairing terms and all insurance premiums are reimbursed. The buildings are understood to have been co in 1824 and a major refurbishment of the office Estimated current net annual tents receivable £161.795 Tenants include the British Spoe Corporation, Rumbelous and Standales The resimuant is let on full repairing and insuring terms to Legal & General Assurance Secrety Limited for 61 years from 20th March, 1962 at a fixed rem of £125 per amum. accomposation is new process,
Lessehold, held under one lesse for 89 years from 24th
Jene. 1977 (with an option for a further 28 years) at a rent
of 255,000 per assum, subject to upwards-only fout
reviews, initially every sevon years, to 121 per cent, of
the aggregate of net rents receivable at the responsive
review dates and the rental value of any vacant pure.
From 25th December, 2023 the same formula will apply,
quared to reviews in occupation leased, but at not less
than accompany wardy intervals. All Landlord's outgoings and expenses on insurance, services, etc. are recoverable under service charges Car spaces are allocated with various leases. Capital Value in existing state \$2.250,000 The Guardian House, 119 Farringdon Road, London, EC1. Delies House, 187/208 St. John Street, London, EC1. Terms of existing tenancies
Letto Guardian and Manchester Evening News
Limited on a full repairing and insuring lease for 35
years from 30th September, 1975. The current rest is
£350,000 per amoun, rising by amoust increments of
£10,000 to £390,000 per amoun by 24th june, 1985.
There are upwards-only rest reviews at 24th june, 1988
and at five yearly intervals thereafter. Description, ege and termine
A multi-storay commercial building extending to some
\$3.860 sq. ft., built during 1974/5 and finished to office
standards. It is located about \(\frac{1}{2}\) mile from Parringdon
Underground Station and is close to the Hatton Garden
jewellery area. Terms of existing senancies
Letto Armour Foods (UK) Limited, a subsidiary of the
Greybound Corporation of America, on full repairing
terms for 33 years expiring on 31st March, 1997. The
current rent is £185,000 per amount with one rent
review on 1st April, 1983. Description, age and temme
A substantial hulding commising approximately
50,000 sq. ft. aet of industrial accommodation on
basement and ground floors, and 24,000 sq. ft. of offices
on pert ground and three upper floors. The offices
have an established use certificate. Estimated current net amusal rents receivable £252,175 Capital Value in existing state \$5,100,000 The accommodation which is on lower ground, ground and six upper floors, has sprinkless throughout and designed floor loadings of 255 lbs p. sq.ft. There is full central heating, two 12 person passenger life, three 3 ton goods life and rear service area with 13 parking spaces. The building dates from the mid-19th century but was substantially reconstructed after 1945, Parts of the structure are listed Grade II. The tenant is responsible for all insurance except for one third of the rent insurance premium. Freshold. Leasehold for 125 years from 25th March, 1977 at \$22,000 per amum, reviewable every 14 years to 8 per cent. of rack rental value. Estimated current not annual rents receivable £154,728 C. Properties occupied primarily by the Company Capital Value in existing state £1,300,000 Property Fifth Floor, 6 Arlington Street, London, SW1. Description, age and tenure
Two modern, readential flats, each comprising three
rooms, kicken and bathroom, located on the top floor
of a hulding which is principally used as offices. Tarms of existing tensucies
One flat is sub-let for the full form of the headlesse at a fixed rent of £1,180 per amount, plus 42,667 per cent. of the total service charge incurred in excess of 2200 per Nos. 38, 59/59E, 51 and 63, Broadway, and Nos. 2 and 30, Romford Road, Stratford, London, ElS. Lessehold, beld for 35 years from 24th June, 1967, expiring 20th June, 2002, at a fixed rent of £2,500 per annum exclusive of service charge. Our valuation of this interest is prepared on the understanding that a premium on assignment is permitted under section 127 of the Rant Act 1972. Description, age and tenume Six independent three-storey buildings together providing some 15,440 sq. A. of offices and smallery storage. One building is in temporary use as a museum amoras, and another includes a licensed betting office Terms of existing tenancies
Four buildings are let on single leases, the remainder
on a total of twelve leases. 35 Great Smith Street, London, SW1. The total service charge is \$200 per annum plus an additional communities related to the annual increase in the Retail Price Index since 25th December, 1968. Fourteen office leases, expiring between 1885 and 2003, have rent reviews at intervals of five years or less. Notice has been served to terminate one issue in June 1882 and the museum lease, which carbides the security of tenure provisions of the Landford and Telann Act 1854 expires on 25th March, 1982. Total current gross rents are 282,387 per annum. Terms of existing tensuries
Let to a Covernment-owned company on a full repairing and insuring lease for \$5 years from 24th June, 1981 at an initial rest of \$442,500 per amum with 5 yearly rent reviews to \$3½ per cent. of rack rental release. Description, age and temme
A period style office building providing first-class
air-conditioned accommodation of about \$2,000 sq. it.
on basement, ground and three upper floors, together
with two flats on the fourth floor. There is besement
parking for 4 cars, served by a lift with access from
Tufon Street at the rear. ore has the benefit of established use Estimated current not sumal routs receivable The manetim arms as offices. Value.
The planning consent for office use restricts
occupation to Government and related bodies,
national institutions and to named occupiers within
specified non-commercial categories both landlord
and testani have coveranted to apply jourly for
planning consent for unrestricted office use and, if
granted, reviewed traits will increase to 100 per cer
of rack tental value. The buildings date mainly from the mineteenth century, but four have been refurbished to modern standards. Two buildings are listed Grade II. Capital Value in existing state £75,000 Four buildings are let on full repairing lesses or with comprehensive service charge arrangements to recover landlord's outgoings. The building, which dates from the 1920's, was refurbished and extended in 1980/81. Freehold. Lesschold for \$23 years from 24th June, 1979 at a fixed rent of £1,600 per annum. The missum annexe is also maintained at the tenant's expense. The landlord remains responsible for major repairs in respect of one building. Estimated current net annual years receivable \$50,860 Estimated current net annual rents receivable £440,900 Yours Stithfully Capital Value in existing state £1,100,000 JONES LANG WOOTTON. Landlord's insurance premiums are generally reimbursed, but management expenses are not recoverable under all lesses. Chartered Surveyor Capital Value in existing state STATUTORY AND GENERAL INFORMATION In our opinion the forecast so far as the accounting policies and calculations are concarned has been properly compiled on the footing of the assumptions made by the Directors set out in the document referred to above and is presented on a besis consistent with the accounting policies adopted by the Group.

Yours faithfully, Tenns of the Stock
 The Company entered into a Subscription Agreement with Royal on 18th December, 1981, under which Royal subscribed \$5.5 million nominal amount of the Stock for each at par. Royal is to subscribe a further £1,000,000 nominal amount of the Stock for each at par on 27th April, 1982.
 The Stock was constitued by a Deed dated 18th December, 1981, the main provisions of which are as follows:—

 Italess previously converted the Stock is repayable at par on 31st December, 1993 and in the meantime carries interest at the rate of 7½ per cent par amoun.
 The principal amount of the Stock is limited to £5 million.
 The Company may not without the consent of the Stockholders create or issue equity share capital having different voting, dividend or other rights from those stached to its Ordinary Shares.
 The Stock is convertible into Ordinary Shares of the Company at any time between 1st January, 1984 and 31st December, 1993.
 The conversion price per share is 158.4p.

 (a) The Company was incorporated in England as a private company on 8th April, 1970 under the name of Psylmust Investment Limited and on 21st October, 1970 changed its name to Standard Securities Limited.
(b) On 28th July, 1981 the Company issued 910 Ordinary Shares of £1 each to the trustees of the Employee Shares (b) On 28th July, 1881 the Company issued 910 Ordinary Shares of £1 each to the trustees of the Employee Share Schome.

(c) On 4th March, 1882 the Company:—

(i) subdivided each issued and unissued Ordinary Share of £1 into 4 Ordinary Shares of 25p each;

(ii) increased the authorised share capital to £4,750,000 by the creation of an additional 19,000,000 Ordinary Shares of 25p each;

(iii) allotted credited as fully paid 7.510,820 of such Ordinary Shares to the holders of the existing Ordinary Shares by way of capitalization of share premium account and other reserves;

(iv) passed a resolution to apply for re-registration as a public company;

(v) altered its Memorandum of Association :—

(a) with respect to its objects;

(b) to state that the Company was to be a public company;

(c) to conform with the requirements of the Companies Act 1980 with respect to the Memorandum of a public company; and

(vi) adopted new Articles of Association.

(d) The Company was re-registered as a public company on 17th March, 1982.

(e) On 28th March, 1982 the Trustees of the Employee Share Scheme were allotted 4,078 Ordinary Shares of 25p each for cash at 136p per Share.

(f) Save as alorecaid, there have been no alterations in the chare capital of the Company within the 2 years preceding the date of this document. Hodgson Harris & Co 25th March, 1982 Genflamen.

We have discussed with you and with Hodgson Harris & Co. and Feet, Marwick, Mitchell & Co. the profits forecast of Standard Securities PLC ("the Company") and its subsidiaries for the year ending 30th September 1862, included in the Prospectus dated 25th March, 1982, together with the assumptions on which it is based, We consider that this forecast (for which the Directors of the Company are solely responsible) has been made after the end careful enquiry.

Yours faithfully. 9. Service Agreement Yours initifully, for and on behalf of Hambros Bank Limit C. H. Sportory Director The following are particulars of the Service Agreement between the Company and Mr. E. W. Struth;— Date of Annual Agreement Romaneration 25th March, 1982 28th February, 1987 £30,000 Save as mantioned above there are no existing or prop Directors and the Company or any of its subsidiaries. 6. Taxation

The Directors consider that, immediately following the Placing, the Company will not be a close company as defined in the Income and Corporation Taxas Act 1970.

Confirmation has been obtained from the Inland Revenue that no apporticement of income of the Company's substituting will be made for periods up to 30th September, 1981, in order to avoid an apporticement of the Company's income for the year ended 31st October, 1980 and the 11 months ended 30th September, 1981, second internin dividential have been declared amounting to £183,790 payable on 2nd April. 1988 for the year ended 31st October, 1980 and £183,000 payable on 28th February, 1983 for the 11 months ended 30th September, 1981. For the same reason the Directors insend to declare at a later date a third internin divident amounting to £153,200 payable in or about jamuary, 1983 for the 11 months ended 30th September, 1981. Full provision for the second interim dividends has been made in the balance sheets at 30th September, 1981, in the Accountants joint Report since these dividends will be paid to the shareholders on the Register on 19th March, 1982, However, no provision has been made for the third interim dividend because that dividend will form part of the dividend of 1.4p per share, referred to in paragraph 1(c) of "Particulars of the Group" above, which the Directors expect to recommend for payment in or about Jamuary, 1983 on the subaryed issued share capital. Although part of this dividend will be a shareholders income for the year sucting 5th April. 1983.

Under Contract No. (2) below Mr. G. W. Leigh and Mr. R. W. Struth have given the usual invation indemnities. sed Service Aureements in force h Subsidiaries The Company has the lollowing subsidiaries (all wholly-owned private companies incorporated in England):—
Date of Paid up Business
Name Share Capital Material Centracts
 The following Contracts (not being contracts entered into in the ordinary course of luminess) have been entered into since 25th March, 1980 and are or may be material:—(i) defect 25th March, 1982 between the Company (ii), G. W. Leigh (ii), the Directors of the Company (iii) and Hambros (iv), being the Contract mentioned in paragraph 3 above;
 dated 25th March, 1982 between G. W. Leigh and R. W. Struth (i), the Company (ii) the subsidiaries of the Company (iii) and Hambros (iv), being the Deed of Indemnity relating to transion inequioned in paragraph 6 above;
 dated 25th March, 1982 between the Company (i) and R. W. Struth (ii) being the above-mentioned Service Autreement; Leigh London and Suburban Properties Limited
St. G.S. Primers Limited
St. Arlangton Street Investments Limited
Paticourt Properties Limited
Hosteroft Investments Limited
Standard Securius (Investments) Limited
Platewall Limited
Thistlegrace & Co.
Frognal (Properties) Limited
London Estates Limited
P.I.P. Securius Limited
Debriver Limited
London & County Homes Limited
G. W. Leigh (Administration) Limited 6.10.1959 14.12.1981 30.11.1964 29. 3.1971 12. 3.1972 12.10.1972 21. 3.1974 15.11.1974 15.11.1979 16. 1.1979 30.12.1959 14.12.1961 20.800 20.800 10.000 10.000 10.000 30.000 3837,800 10.000 10.000 10.000 (d) dated 28th Morch, 1882 between the Company (t) and R. W. Leigh and R. W. Struth (ii), being the Deed constituting the Employee Stare Scheme;
(d) dated 28th April, 1981 between the Company (i) and G. W. Leigh and R. W. Struth (ii), being the Deed constituting the Employee Stare Scheme;
(d) dated 28th April, 1981 between G. W. Leigh (Administration) Limited (i) the Company (ii) and G. W. Leigh and R. W. Struth (iii), being the Deed of Adheronce rolating to the Employee Stare Scheme;
(d) dated 30th September, 1981, between the Company (i) R. W. Struth (ii) and M. Struth (iii), being 3 transfers covering a total of 1,000 Ordinary Shares of £1 each of London & County Marine Limited (representing that company's issued share capital) for a total consideration of £2.01 payable on the site of such capital (and the Company also received £10,716 for sessigning the benefit of that company's indebtedness to (i);
(i) dated 30th September, 1981 between the Company (i) R. W. Struth and M. Struth (ii) and London & County Marine Limited (iii), being a Deed of Warrany and Indommity relating to the side under Countact No. 6 above; Property trading Secretarial and administration Votes of Members

(a) Subject to any rights or restrictions as to voting to any class of shares, at any General Meeting on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by pruty or by a representative has one vote, and in the case of a poll every member present in person or by pruty has one vote for every 25p in nominal amount of shares of any class of which he is the holder.

Represented Present Marine Limited (iii), being a Deed of Warraniy and Indomnity relating to the sale under Contract No. 6 above;

(8) dated 12th October, 1981 between the Company (i) certain subsidiaries of the Company (ii) G. W. Leigh, R. W. Straft and T. J. B. H. Stranki (ii) and Notwich Union (iv), being an Agreement concerning the provision of finance supplemental to an Agreement dated 1th Decamber, 1971 between substantially the same parties;

(9) dated 15th Decamber, 1981 between the Company (i) G. W. Leigh, R. W. Straft and T. J. B. H. Strankel (ii) and Notwich Union (iii), being an Agreement supplemental to a Share Subscription Agreement dated 28th Aprol. 1973 between the same parties;

(10) dated 18th Decamber, 1881 reads by the Company, being the Deed constituting the Stock;

(11) dated 18th Decamber, 1881 between the Company (i) and Royal (ii), being the Stock Subscription Agreement; and 2. Issue Arrangements
Under Centract No. (1) below, conditionally on the Company, insued or now being issued as mannioned barein, Hambres
1982 a listing for the share capital of the Company, insued or now being issued as mannioned barein, Hambres
have agreed to purchase from Mr. C. W. Leigh and Trostees of Leigh family Settlements (a total of 321,000 Shares),
Mr. R. W. Struth (22,220 Shares), Norwich Union (200,000 Shares) and other Shareholders (a total of 331,000 Shares),
Mr. R. W. Struth (22,220 Shares), Norwich Union (200,000 Shares) and other Shareholders (a total of 190,000 Chinary Shares of 250 each of the Company at a price of 136p per Share, and to subscribe in cash
for, 1,500,000 now Ordinary Shares of 25b each of the Company at a price of 136p per Share, with a view to placing
for, 1,500,000 now Ordinary Shares encount for Company and under this Comract Hambros will pay a fee
the resultant total of 2,300,000 Ordinary Shares introduce for Firman. Under this Comract Hambros will pay a fee
the brokers and Hambros' legal expenses. The Company will pay all other expanses of or incidental to the
total of a listing for the issued share capital of the Company and the transactions associated fluorestim. The
application for a listing for the issued share capital of the Company and the transactions associated fluorestim. The
application for a listing for the issued share capital of the Company and the transactions associated fluorestim. The
application for a listing for the issued share capital of the Company and the transactions associated fluorestim. The
application for a listing for the issued share capital of the Company and the transactions associated fluorestim. The
application for a listing for the issued share capital of the Company and the transactions associated fluorestim. The
application for a listing for the issued share capital of the Company and the transactions
are represented to amount to the company and the transactions associated fluorestim. The
minimum amount which, in the opinion of the Dir by proxy has one van for oracy and a serious of the Company to borrow money and to morigage or charge its madertainer, property and uncalled capital or any part thereof and to issue debentures and other securities. The Board is to ensure that the appreciate amount for the time being outstanding in respect of the moneys borrowed or secured by the Group (exclusive of nurs-Group borrowings) shall not at any time, without the previous sanction of the Company in General Meeting, exceed an amount equal to 3 times the adjusted capital and reserves (as defined in the Articles). previous sensition of the Company in Centeral Meeting, exceed an amount equal to 3 times the adjusted capital and reserves (as defined in the Artifica).

In forector is not required to hold any qualification shares.

If Director is not required to hold any qualification shares.

If Director is not required to hold any qualification shares.

If The remmeration of the Directors is to be determined by the Company in General Meeting and (unless otherwise determined) divided amongst the Directors as the Board agrees and, failing synemasis, equally. The Directors are also entitled to he repeated it revealing and hold agreemest incurred by them respectively in or about the performance of their chains as Directors. If by arrangement with the Board any pay interfor performs any special dones outside his ordinary defines as a Director, the Board may pay him special remanaration (in addition to any fees or ordinary remanaration) which may be by a himp sam or by way of salary, commission, participation in profits or otherwise.

If Board may establish and manishs any combinatory or non-combinatory pensions or superanastion funds for the benefit of, or give or procurs the giving of donations, gratitities, pensions, allowance or employees of any company in, or associated with, the Group or who are or were directors or officers of any such company and who hold or have held any salaried, employment or office in such company, and the samilies and dependents of any such persons.

If A Director or insenting Director is disqualitied by his office of Managing Director sucifor any other office or place of profit under the Company (except that of Auditor) for such period, on such terms and at such remmeration as the Board may determine.

If No Director or insenting Director is disqualitied by his office from contracting with the Company for any profit realized thereby, but the pather of the Company in which any Director at a meeting of the Board.

See a provided below, a Director may not vote in respect of any contract or amagement or ment; and (12) dated 15th March, 1982 between the Company (i), G. W. Leigh (Administration) Limited (ii) and G. W. Leigh and R. W. Strafh (iii), being a Deed of Amendment relating to the Employee Share Scheme. (a) Neither the Company nor any substitiery is empayed in any litigation or arbitration of material importance and no higation or claim of material importance is known to the Directors to be pending or threatoned against the Company or any of its substituries.

(b) A commission is psychile in respect of the issue of the Stock. Since 25th March, 1980, save as disclosed in paragraphs 1, 3, 4, 8 and 10 of "Sanitory and General Information": (f) no capital of the Company or (except for capital issued to or owned by the Company or a wholly-owned substitury) of any substitiery has been issued, or is proposed to be issued fully or party paid either for each of for a consideration other than each; (ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loss capital of the Company or of any substitiery; and (iii) except in respect of a neity or able by a Director to a manue house which flast leased it to the Company, no Director has or has had any direct or indirect interest in any assets acquired, disposed of or leased to or by, or proposed to be acquired, disposed of or leased to or by, the Company or any substitiery.

(c) Save as dusticated herein, no Director of the Company is materially interested it any contract or arrangement substituting at the date hereof which is significant in relation to the humaness of the Group taken as a whole.

(d) Save as herein disclosed herein, no Directors of the Company or of any substitiery is under option or is agreed conditionally or unconditionally to be put under option.

(e) The aggregate emplaneans of the Directors of the Company for the 11 months ended 30th September, 1862 will amount to £8,000 (including £85,000 being a non-recurring payment to the widow of Mr. 8. A Masters).

(f) Mr. 7. J. 8. H. Stranack, a Director and shareholder of the Company, is a partner in the firm of Tim Strangel, which will receive normal professional fees in connection with the Flacing. immediately following the Flacing the bioldings of the Directors as they will appear in the Register maintained under the provisions of the Companies Act 1967 will be as follows: the provisions of the Companies Act 1967 will be as follows:

Director

Sameficial Non-Seneticial

G. W. Leigh

R. W. Struth

T. J. B. H. Strannak

Other than a holding of 1,800,000 Ordinary Shares (approximately 15.6 per cent) owned by Norwich Union, the
Other than a holding of 1,800,000 Ordinary Shares (approximately 15.6 per cent) owned by Norwich Union, the
Other than a holding of the Stock and, subject to the issued share capital of the Company being admitted to
share capital of the Company

Royal holds S.5 in Million of the Stock and, subject to the issued share capital of the Company being admitted to
the Official List, will subservabe in cash at par a further £1,000,000 nominal amount of the Stock. Full conversion of the
Stock would entitle Royal to have allotted to it 2871,238 Ordinary Shares of 25p each of the Company would remain
the issued share capital as enlarged by much conversion.

Immediately following the Placing 4,604,124 Ordinary Shares of 25p each of the Company would remain
immediately following the Placing 4,604,124 Ordinary Shares of 25p each of the Company would remain
immediately following the Placing 4,604,124 Ordinary Shares of 25p each of the Company would remain
immediately following the Placing 4,604,124 Ordinary Shares of 25p each of the Company would remain
insued and (save as aforessed) mecommitted but, except as mentioned herein, there is no present intention to
intensed and few as a stock and the conversable of the Company and without the prior approval of the meanissue any of the amborised but unissued share capital of the Company shares pro rate to their entisting holdings)
puny and (b) no material issue of Shares (other than to holders of Ordinary Shares pro rate to their entisting holdings)
Will be made within one year from the date of this document.

Notwithstanding that the Articles of Association of the Company permit the issue of shares, other than to shareholders pro rate to their entising holdings, without the percentage interests of the shareholders in general Ordinary Shares eficial Non-Benefic ,000 1,398,610 ,900 18,638 Hodgeon Harris & Co., Peet, Marwick, Michell & Co., Hambros and Jones Lang Wootice have given and laws not withdrawn their respective written consents to the issue of this document with a copy of their Reports or Valuation (as the case may be) and the references to them included therein in the form and context in which they are respectively included. Profit Porecast - Assumptions and Reports (a) Assumptions
The assumptions on which the Directors have based the profit forecast contained in "Profits and Dividends", above one is follows:— 13. Dominants delivered to the Registrar of Companies

The dominants statched to the copy of this document delivered to the Registrar of Companies for registration were a copy of the letter by which the above-mentioned Ordinary States are to be placed, the written consents mentioned above, a subsement of the advisaments made by Hodgen Harris & Co. and Frank Marwick, Mirchell & Co. in arriving at the figures set out in their joint Report and giving their reasons therefor and copies of the above-mentioned material contracts. assumptions on which has because here these two promited common in "From and Dividends",
five are as follows:—
(i) Interest raiss will not vary materially from nurrent levels.
(ii) There will be no deterioration in the market values of properties held for trading.
(iii) House sales for the six months to 30th September, 1982 will be at a slightly greater rate than for the previous six months.
(iv) There will be no material acquisitions or disposals of investment properties before 30th September, 1982
(iv) There will be no material acquisitions or disposals of investment properties before 30th September, 1982 (v) employ;

(v) employs concerning the adoption, modification or operation of a superamostion fund or refinement, death or disability benefits schame under which he may benefit and which has been approved by or is subject to and conditional on approval by the Scard of Inland Revenue for instaling proposes.

Where proposels are under consideration concerning the appointment (including fining or varying the terms of appointment) of 2 or more Directors to offices or semployments with the Company or any company in which the Company is interested, such proposals may be divided and considered in the Directors reparallely.

Leading the case each of the Directors concerned (if not debarred from voting under paragraph (i) (iv) above) is entitled to vote and will be counted in the quorum in respect of each resolution except that concerning his own aroundment. The following is a copy of the Joint Report of Hodgson Harris & Co., Chartered Accountants, and Feet, Marwick, Minhell & Co., Chartered Accountants:— 14. Documents for Inspection.

Copies of the following documents will be available for inspection at the offices of Norton, Rose, Bonerell & Roche, Kempson House, Cameraile Street, London EC3A 7AN, during normal business hours until 20th April, 1982; (a) the antitied accounts of the Company for the respective financial periods ended 312 October, 1980 and 30th September, 1981; (b) the hierorandum and Articles of Association of the Company; (c) the Trust Deed constituting the Stock; and (d) the above-mentioned Reports, Streament of Activations, Consents, Valuation, Employee Share Scheme and Company.

own appointment.

The Company may by Ordinary Resolution suspend or relax the provisions summarised under paragraphs (g), (b), (f) and (f) above to any extent or really any transaction not duly sufficiently by reason of a contrevention of such provisions.

The Articles of Association of the Company do not contain any provision to exclude the operation of section 185 to Companies Act, 1949 and accordingly special notice will be required of any resolution appointing or approving appointment of a Director who has strained the age of 70.

Dated 25th March, 1982.

25th March, 1982

Gendamen.
We have reviewed the accounting policies and calculations for the profit forecast for which the Directors are solely responsible) of Sandard Securities FLC ("the Company") and its subsidiaries ("the Group") for the solely responsible; the Springer State of Sandard Sandard State of Sandard Sandard State of Sandard Sandard State of Sandard Sandard State of Sandard Sandard State of Sandard Sandard

Critical time for Nigeria contracts

ITHE INVOLVEMENT of layed payments or by locally • £42m of railway works for overseas contracts and a signifi-British contractors in Nigeria imposed foreign exchange rethe Nigerian Railway Corpora-tis relatively modest by is relatively modest by com-parison with Continental Euro- The rene

Nonetheless, some British contractors will be concerned lest recent moves to restrict imports and stem foreign exchange outflows should herald a new era of Nigerian financial austerity, which could damage contracts and jeopardise future job opportuni-

Measures introduced so far, by the Nigerian government appear unlikely to affect long term construction contracts. However, Nigeria faces serious problems over dwindling oil revenues. Prolonged cash flow difficulties might eventually lead to some new projects being postponed while delays in meeting progress payments on existing contracts might be expected to lengthen.

The prospect is disturbing at le time when British contractors have been moving back into a market they had largely ignored for several years.

There is a variety of rea-sons why British contractors have generally been less successful in winning Nigerian contracts than some of their Continental counterparts.

The failure of some com-panies to establish the right kind of contracts with State and and with local agents and sup-pliers, has not helped their chances of winning prestige

But many companies have simply been reluctant to reenter a market where a number of contractors, including Tar-mac and A. Monk from the UK, got their fingers burned in the middle and late 1970s.

Part of this reluctance can be resplained by Nigeria's historical dislike of financing major projects through offshore credit facilities. These however can provide a measure of protecable to draw down funds as work progresses, without necessarily becoming bogged by de- Sokoto State,

attitude towards accepting offshore credit facilities as any plex at Nicon.

Such loans, typically, cover up Nigerian Port Authority.
to 85 per cent of the cost of Another pointer to at fixed, preferential, rates of interest; and are underwritten by the UK Government through the Export Credits Guarantee Department, ECGD has played an increasingly significant role in major construction orders won by British exporters in recent months.

In February this year ECGD announced that it was under-writing a £95m credit facility to support a contract won by Capital Plant International Limited to design, erect and commission. a college of technology and a mining and metallurgy unit in Kwara State. It is one of several major construction contracts won recently in Nigeria by companies in which there are size-

able British interests. able British interests.
Costain International and
Costain's 37.5 per cent associate Costain (West Africa)
Ltd., for example, recently
announced contracts totalling
around £100m for the Water Corporation of Oyo State. The largest share of this work-£67m for an offshore supply contract-will go to International.

Major contracts

Other major contracts presently being pursued in Nigeria by a wide range of British construction and engineering

companies include: • A £50m hospital contract in Anambra State; in addition British companies are chasing contracts totalling £30m for hospital works in Bauchi State. tion for contractors, which are • Contracts totalling £140m for

income tax returns. The scheme is designed to duce "a guarantee scheme water supply works in Imo State, Cross River State and reduce tax evasion by labour- which may help others to obtain only sub-contractors in the con-these special certificates,"

The renewed interest that has • A £95m power station conpean companies like Billinger been shown, in the Nigerian tract for Delta Steel Company, and Dumez of France.

Nonetheless some British contractors has as much to do with \$20m in Kaduna State.

• £45m-worth work for the.

to \$5 per cent of the cost of Another pointer to areas British goods and services; are where British companies might expect to win work can be found in the UK Government's amouncement last year that it intends to make available £300m of credit facilities to support building work for the new federal capital of Abuja.

Nonetheless British contrac-

tors have some way to go before they make up ground on some of the Continental European companies which have aggressively pursuing work in Nigeria. Billinger und Berger and Dumez are perhaps the two largest overseas conwith interests in

Bilfinger und Berger, however, may find itself particularly exposed should the Nigerian market turn sour. More than 80 as these might have been exper cent of the company's pected to have been realised. order book is represented by

Sub-Contractors (FASS).

They are issued to eligible sub-

contractors who make necessary

The most successful of British contractors in Nigeria have been Costain and Taylor Woodrow. Both chese have maintained a continuous presence in the country over many years. Taylor which operates Woodrow. throough its 40 per cent-owned associate Taylor Woodrow Nigeria Limited, last year won orders totalling more than £110m; including a £40m irrigation contract for the Hadefia Jama'are River Basin Development Authority.

Costain through its Nigerian essociate currently has an order book of approaching £150m.

Because both British companies operate through Nigerian associates —60 per cent or more locally owned—their exposure to loss-making contracts is mini-mal ECGD-backed finance will also provide a cushion for many of the projects now being under taken by British contractors in Nigeria. Nonetheless these comparties will be anxious that the situation in Nigeria should not deteriorate further and damage future earnings potential just

Sub-contractors fear cowboy charter

expressed concern that the

school and college leavers to

obtain special certificates." He

additionally proposed to intro-

ANDREW TAYLOR

" uncerti-

Overseas success for UK consultants

APART FROM a slight hiccup in 1979-80 Britzin's consulting engineers can show a record of steadily increasing overseas work during the past 16 years.

In 1967 the total estimated capital value of overseas work in hand was £2bn. By the beginning of this year this figure had climbed to £46bn. These figures are published in Association of Consulting Engineers latest annual hand-

In 1981 consulting engineers generated invisible earnings of around £487m, an increase of 14 per cent over the previous year. The Association said that the increase was well in excess of the growth in capital costs. Expansion had been spread over nearly all fields of activity.

During 1981 new overseas commissions awarded to Association members, in terms of estimated capital value, almost doubled from £6.4bn in 1980 to £11.1bn last year.

The Association's Silver Jubilee edition of its annual handbook, price £15, is available from the Association's offices at 12 Caxton Street. SWL It provides a detailed breakdown of a wide range of overseas contracts presently involving UK consulting en-

The move has brought an angry response from FASS which says that the Chancellor

failed to carry out adequate

consultation with the construc-

tion industry before announcing

the new measures. It says that

the issuing of special certificates

would be tantamount to a

of FASS, said that the Federa-

have on training and safety in

the industry. Loosening the

rules to benefit untrained school leavers was as good as a

slap in the face to the bona fide

Mr Huxtable said that the

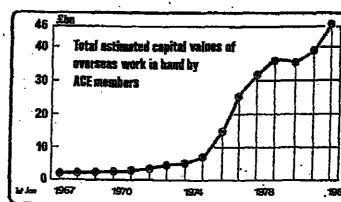
Federation was already worried

at the inappropriate use being

Mr John Huxtable, director

cowboys charter."

714 certificates.



The second secon

INTERNATIONAL CONTRACTS

£48m North Sea loading buoy

This is a turn-key project and

is for the design, purchase, con-struction, offshore installation, testing and commissioning. The leading buoy will be constructed to SBM's design at two yards in Norway and one yard in France. Stord Verft will build the rotating head, and the base will be built by Haugesund Mekaniske Verksted, while the column will be constructed in Dunkirk France, by SNCMP. The assembly of the structures being

MARUBENI CORP. has arranged a \$53m (£29.4m) contract to build a sea berth for a Philippine phosphate fertiliser plant on Mindanao. Japan has pledged loans to help finance the project. For construction of the fertiliser plant, the Philippine state-run National Development Company has awarded a \$30m (£16.6m) contract to a Japanese-Spanish consortium, led by C. FTOH AND CO. Kawasaki Steel Corp will undertake con-struction of the berth, with other built at the three yards will take struction of the berth, with other place in Norway with final instal-lation at the Stafford Field in loading and unloading equipment, belt conveyors and other related facilities. The project is scheduled for completion in

the summer of 1984.

When completed, the loading buoy will serve tankers of up to 150,000 tonnes and will be con-

THE CONTRACT for building nected to the Statfjord C platthe loading buoy for the Statfjord form by an underwater pipeline.

C platform has been won by The contract has been awarded by Mobile Exploration Norway Switzerland and is worth about on behalf of the Statfjord Group.

UK CONTRACTS OVERSEAS

tion was extremely concerned at £26m energy storage system the effect the measures may

CEMENTATION, a member com-pany of the Trafalgar House Group, has been awarded a \$47m (£26m) contract to design and construct the shafts and underground cavern system for the world's first hydraulically com-pensated compressed air energy storage system, to be used for peak power generation purposes. The contract, which is for Soyland Power Cooperative of

made of 714 certificates by some leading contractors. Changing the rules at this stage would only add to the difficulties of Decatur. Illinois, is to start responsible contractors operating within the rules. The immediately and has a planned mid-1986 completion date. proposals made a nonsense of the existing practice of issuing

argent meeting with the Chancellor. It says that the Govern- hospital ment should pay less attention to gimmicks aimed at young SHANNING INTERNATIONAL, people and more attention to specialist construction companies so that these can get on with the work of creating long term job opportunities.

DEBORAH PICKERING a British company against strong cost for the project is £29.5m. pletion is due in 1985.

Phone: 628-8151

THE AMERICAN subsidiary of overseas competition both into

hospita) nursing

The Federation is seeking an £6m Baghdad

the Berkhamsted, Herts, based specialist in total hospital equipment packaging, has won a £6m contract for a special nursing bospital in Baghdad Medical City.

Iraq and particularly the Medical City which is one of the biggest developments of its kind in the

The project is for a total package of the equipment and furnishings of a 250-bed specialised wards, theatres, laboratories, kitchens and administration offices. Supply, installation and commissioning is to be completed in six months for the official opening in September.

technical consortium for the Hotel Antonios and villa complex at Setia, Crete, by Univer-sal Glow, the shipping con-sortium of Athens. The luxury 200-bedroomed hotel together with the leisure coniplex and a further 250 villas is scheduled

UK CONTRACTS

TURRIFF CORPORATION has secured further contracts together worth £4,2m. The pols include the refurbishment of 41 dwellings for the London Borough of Hillingdon; the refurbishment of an office black for Cornhill Insurance; sheltered housing for the North British Housing Association, and the refurbishment of 101 dwellings for the Hounslow Borough Council.

MILLER BUCKLEY CONSTRUC-TION has been awarded a variety of contracts valued at £3.5m. A £700,000 telephone exchange

and service centre is to be built at Dagenham, commencing this month, for the Property Services

Agency.

Work for Miller Backley
Developments is for a new office
building in Cambridge adjacent
to Downing College. The 26,700
sq ft building has just commenced and will cost fl.7m.
Miller Backley have also started
film worth of work for phase two
of the Makthouse Trading Estate
at Shoreham, to be completed
early 1983.

A £1.5m contract to convert an elderly building into 17 research laboratories has been awarded to Bovis Construction by the Barts Foundation for Research. The contract, to convert Dominion House, a four-storey building situated in Bartholomew Close, London, ECI, will involve fitting out and providing 17 research aboratories, each one to include partitions, suspended ceilings, hot, cold and cooling water, fume laboratory services.

THE DEPARTMENT of Transport has accepted the £1.8m tender of Tarmac Roadstone (Holdings) for major reconstruc-tion work on the easthound carriageway of the M62 between Whitley Bridge, North Yorkshire and Crowdall Broach Bridge, Humberside. Work starts almost immediately and involves the reconstruction of the centre lane, nearside lane and hard shoulder of the eastbound curriageway from Junction 34 (A19 Whitley Bridge) for a distance of 41 miles (7.2 km) eastwards towards Junction 35 (M62/M18 Inter-phanes) change).

A fim contract to rebuild a water treatment works at Glass-ford, Lanarkshire, has been # FITCH HOTEL SERVICES

bave been awarded a 53m contract for the feasibility study and for the co-ordination of a technical consortium for the feasibility study and figure and consortium for the feasibility study and Glengavel reservoirs. Incorporating two Superpulsators and your Aquazur filters, the plant flow will be up to 23 temd.
Full chemical preparation and dosing plant, and sludge treatment with pressing is included in the contract as well as sophisticated electrical control The company says this represents a further 250 villas is scheduled sophisticated electrical control sents a major break through for to open in 1985. Total estimated and monitoring equipment. Com-

General meeting of shareholders

to be held on Thursday 22nd April, 1982, at 10.30 a.m. in the "Nederlands Congresgebouw", 10 Churchillplein, The Hague, The Netherlands.

1. Proposal to amend the Articles of Association and to authorize the Board of Management - in accordance with the provisions in Article 124, Book 2 of the Netherlands Civil Code - to make any changes considered necessary by the Minister of Justice.

The proposal to amend the Articles of Association is ble for inspection and may be o holders free of charge at the Company's office, 30 Carel van Bylandtlaan, The Hague, and at the head office of N.M. Rothschild & Sons Limited, London.

If the proportion of the issued capital required for an amendment of the Articles of Association in virtue of Article 40 should not be represented at the meeting, a second General Meeting of Shareholders will be held in accordance with the provisions of that Article, which meeting can adopt the proposal mentioned under item 1 of the Agenda by an ordinary majority of votes, irrespective of the proportion of the issued capital which is represented thereat.

REGISTRATION:

A. Holders of share certificates to bearer may attend and address the meeting and exercise voting rights if their share certificates, or evidence that their certificates are held in open custody by De Nederlandsche Bank N.V., are deposited against receipt not later than 16th April, 1982, at the bank mentioned below, viz.:

N.M. Rothschild & Sons Limited, London.

B. Holders of registered shares may attend and address the meeting and exercise voting rights if they make known to the Company in writing not later than 15th April, 1982, their desiré to do so:

with respect to shares of The Hague Registry: at the Company's office at The Hague: with respect to shares of Amsterdam Registry: at the office of Algemene Bank Nederland N.V., C.K.E., P.O. Box 2230, Breda, The Netherlands; with respect to shares of New York Registry: at the office of The Chase Manhattan Bank, N.A.,

reduce requirements for contractors using

certificates designed to prevent ficated labour" are expected to tax evasion by construction make 30 per cent deductions sub-contractors have been described as a "cowboys charter" by the Federation of However the Chancellor in

Associations of Specialists and his recent Budget speech

The certificates, known as three year rule may be prohibit-714 certificates," are awarded ing some school leavers from

to individuals who can show taking work in the construction

that they already have three industry. He proposed a change years good record as a taxpayer. in the regulations "to enable

C. Holders of certificates for "New York shares", which are depositary receipts issued pursuant to an agreement dated 10th September, 1918, under which The Chase Manhattan Bank, N.A., is successor depositary, may attend and address the meeting if their certificates for "New York shares" are deposited against receipt not later than 16th April, 1982, at Algemene Bank Nederland N.V., C.K.E., P.O. Box 2230, Breda, The Netherlands, or The Chase Manhattan Bank, N.A.,

What is stated above with respect to the availability for inspection or the possibility of obtaining the proposal to amend the Articles of Association likewise applies to holders of certificates for "New York shares".

POWERS OF ATTORNEY:

Shareholders and holders of certificates for "New York shares" who wish to have themselves represented at the meeting by a proxy must not only comply with what is stated above under A, B and C respectively, but also deposit a written power of attorney not later than 19th April, 1982, at the Company's office, 30 Carel van Bylandtlaan, The Hague.

If desired, forms which as from today are obtainable free of charge at the Company's office and the head office of N.M. Rothschild & Sons Limited, London, may be used for this purpose.

The Hague, 29th March, 1982

The Supervisory Board



N.V. Koninklijke Nederlandsche Petroleum Maatschappij Established at The Hague, The Netherlands

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Manson **Finance Trust**

Six months ended 31.12.81 31.10.80 30.4.80 £'000 Group Revenue 2,466 6.900 Net Profit before Tax 526 1,531 Taxation Profit before Extraordinary Items ... 678 Extraordinary Items Retained Surplus (223)111 245 Earnings per Share 1.9p 2.7p4.5p



The Board have declared an Interim Dividend of 50p per share net. Principal subsidiary Edward Manson and Company Limited continued to be satisfactory. Manson Leasing Limited was the only unit in the Group which did not contribute to Group profits but under its new management it is now making good



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Contract Service Division



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TECHNOLOGY

EDITED BY ALAN CANE

'Factory' for biological chemicals

DAVID FISHLOCK, Science Editor, looks at laboratory grade. Two grades are being offered, the purest the pilot fermentation plant at Imperial College, for cloning and sequencing experiments, and a less highly London — the first British "factory" for biological reagents.

THE PILOT fermentation plant of Imperial College, London, has become the "factory" for first British source of the highly-priced and increasingly numerous biological reagents of

genetic engineering.
Cambridge Biotechnology
Laboratories, formerly the
European distributors of a leading U.S. source of biologicals, has produced its own catalogue of about 20 peptides. This line is backed by a variety of popul high-produced in the provided in the catalogue of a page 1 page developed in British genetic engineering laboratories.

The deal is that the pilot plant's battery of highly instrumented farmented farmented.

According to Mr V. A. Howe, nanaging director of V. A. Howe and Company, of Fulham, parent organisation of Cambridge Biotechnology, the company is launching a range of "biologicals" wide enough to permit any biology laboratory to embark on genetic engineering experiments. parent organisation of Cambridge Biotechnology, the com-

For Imperial College, it is for storage. the first commercial contract

Professor Brian Hartley of the Department of Chem director of the pilot plant, claims the speed with which college and company have set up the venture "matches well with the pace you have to set in this game."

For his client, the pilot plant of the Depilor of th

provides an interim manufacturing service while the company is setting up its own fermentation plant, expected on-stream next year.

3,000 litres capacity, will be used to make the crude reagents, such as the restriction and dried the crude reagent

In addition, the company has

Mr Geoff Banks, head of the Imperial College fermentation pilot plant (left), with Professor Brian Hartley, chairman of the Centre for Biotechnology and Dr Wing Tsui of Uniscience

speeds up to 11,000 rpm are

High-speed Traminer version

high-speed version of the with a capability for simul-

French manufactured Traminer taneous operation on five axes.

20 machine tool, designated the Infinitely variable headstock

the UK available, while the four spindle
The 13 is equipped with CNC end working attachment permits
control on all of its eight axes drilling and tapping.

refined grade for mapping experiments.

From our point of view the arrangement is ideal," Prof. Hartley says. "It makes use of the plant for the very purpose for which it was designed."

The plant, built on the back of the Department of Chemistry in the 1960s, with the help of a £500,000 grant from the Wolfson Foundation, previously had three roles: teaching, research and the production of research materials required by department.

But Prof. Hartley admits that this was leaving under-utilised an up-to-date plant with a full-time staff of 11, costing about £300.000 a year to run. The college, pressed for cash, wanted to close it unless it could find other sources of

Hartley's membership of the science board of Biogen, the Genevamemhership of the since the decision was taken set up its own laboratory at the based biotechnology company, last summer to market the pilot plant, managed by Dr Wing the plant carried out the first manufacturing potential of the Tsui, a former post-doctoral fermentations of Biogen's the plant carried out the first

The DC powered spindle rota-

Programming can be affected

directly from the drawing to the

machine. The control has two memories so that a programme

can be set up while the machine is operating the other.

Range of

pastes for capacitors

More from Stansted Machine Tool at Christopher Road, The Market Trading Estate, off Hayes Road, Middx (01-561

JOHNSON Matthey Chemicals

has introduced a new range of conductive silver/palladium pastes for the production of

multilayer ceramic capacitors.

contain 50 per cent metal with

palladium/silver ratios ranging

from 90/10 to 30/70. Proportions depend on the firing tem-

peraure of the capacitor, but all

pastes are suitable for use at

temperatures from 1150 to 150 degress C.

The internal electrode pastes

tion can be up to 14.600 rpm.

The market Cambridge Biotechnology is exploiting has

been dominated so far by U.S. companies. V. A. Howe had built up a UK business for Bethesda Research Laboratories worth about £300,000 a year in reagents, until BRL last year set up its own offshoots in Cambridge and West Germany. One of his customers was Prof. Hartley. "I knew these people were good at selling," he says.

He has a plant he claims can "grow anything," and moreover produce it at very short notice because of its great flexibility in design: "It's highly appropriate to the efficient production of small volumes of research specialities." But without marketing skills "you might just as well with the staff annu." well give the stuff away."

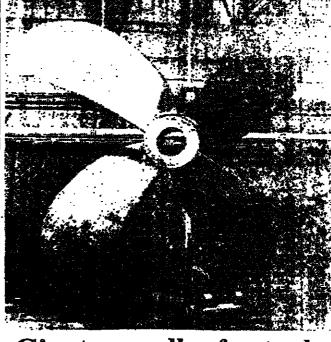
Instead, Cambridge Biotechabout £20 to £60 per vial. In the hands of an experienced realso be able to carry out very fast experiments.

trophoresis cell for DNA research, derived from work at the Laboratory of Molecular Biology at Cambridge.

tube" costing nearly £100 minimises consumption of reagents and greatly accelerates genetic engineering experiments, says Prof. Alan Feisht, professor of biological chemistry at Imperial College. "It can make a big difference to research pro-

As Mr Howe sees it, the venture will lead into the develop-ment of research kits tailored for specific experiments and assays, and even to an all-pur-pose kit for the budding genetic engineer, analogous to the timerowed "chemistry set."

● A £4.5m bio-molecular engineering research and training programme, over a four-year period starting April 1, has been nology will be selling reagents approved by the European Community. Scientists are invited to bid for shared-cost research searcher, a vial may contain in which between 30-50 per cent enough reagent for several thou-sand experiments—but he will Community funds. Research of the cost will be met from Community funds. Research proposals are restricted to afety and to agriculture and The company is launching food industries. Contact Dr D. simultaneously a miniature elec- de Nettaneourt, Commission of European Directorate-General for Science Research and Development, 200 rue de la Loi, B-1049 Brussels,



Giant propeller for tanker fitting goes to Norway

It's the biggest propeller in the world. Much bigger than Gracle Fields's aspidistra, but you wouldn't want it in your lounge anyway. It weighs 70 tonnes, is 11 metres in diameter and will be fitted to the SS Wind Escort, a 352,000-tonne tanker owned by Lars Krogh of Norway. It's the first of five similar propellers ordered from Stone Managnese Marine—"the biggest propeller company in the world "—formerly part of Stone Platt, but now owned by Langham Industrices.

Non-ferrous database information

INTERNATIONAL statistics on bureau, ADP. non-ferrous metal production, consumption and trade will soon

Subscribers will be able to get access to the figures through terminals on their desks con-

The database will contain statistics on copper, lead, zinc. be available on a computer data—aluminium, nickel tin aniamony and eadminn which are our rently published in the monthly World Metal Statistic figures are collected by World Eureau of Metal StatisCompressed Air **Technology**

Ailas Copco

Detecting refrigerant gases

WHAT IS claimed to be the first continuously monitoring refrigerant leakage detector has been launched by Autoclimate of Birmingham.

It costs £300, and can be plugged into the mains. Accord-

ing to the company, the device amples the atmosphere around a refrigeration plant every two minutes. Dual lights flash and an audible plarm operates when the concentration of leaking refricerant was reaches 1,000 parts per million - the safety level recommended by the Health and Safety Executive. It will detect the chloro-fluorocarbons R11, R12, R14, R22, R113, R502 and other halo-

cons. It is said to be so sensi-tive that it will detect a leakage before refrigeration capacity is so minimising the harard to food stocks, manufacturing processes, the environ-It is expected to find uses in the food processing industry. cold stores, supermarkets and

places with large-scale air conditioning plants such as offices and airports. For a further £130, the company will provide a remote alarm system so that the device can

More from the company at 80 Hatchett Street, Birmingham

Sinclair test device

Western Areas

Gold Mining

Company

Limited

demands stringent component which is part of the TEK group of companies, has been comdevice for the revolutionary Sinclair flat screen television due to be launched later this

The tester, which will cost Cambridge, more than £100,000, can carry out six electrical tests and seven optical checks on the flat screen missioned to develop a testing cathode ray tube in 10 seconds.

around the Z80 microprocessor. nected to the timesharing net-More from AIM on 0480 65141, work of the major U.S.-based tics.

The Randfontein **Estates Gold** Mining Company, Wit. Limited

(both incorporated in the Republic of South Africa)

Johannesburg Consolidated Investments
Group of Companies

Highlights from the 1981 Annual Reports

Western Areas

The average gold price received declined from U.S. \$623 per ounce in 1980 16.5% over the same period. A lower recovery grade of 4,1 grams per ton (1980 – 4.5) resulted in a decline in gold production from 19 554 kilograms to 17 706 kilograms.

Operating profit declined by 66% from R152,7 million in 1980 to R51,7 million and the dividends paid decreased from 120 cents per unit of stock in 1980 to 40 cents in 1981, absorbing R16,1 million

Expenditure on mining assets amounted to R38,9 million (1980 - R57,4 million). Although it is estimated that expenditure of R25 million will be incurred in 1982, to be spent mainly on the SV 3 shalt programme which is vital to the maintenance of production in the medium and long terms, the amount actually expended will of necessity be influenced by the price of

The wanium treatment plant has been commissioned and the production of uranium oxide concentrates has commenced on a limited scale. Results to date indicate that the mine should have no difficulty in meeting its contractual delivery commitments which commence in the first quarter of 1983. The rate of underground production from the Middle Elsburg Reefs will in the interim be limited in order to enable ore with a higher gold sunk to a depth of 848 metres below collar and certain intermediate

The 4E sub-vertical shaft which reached its final depth of 332 metres below collar in the previous financial year was equipped and commissioned during 1981.

The 20 000 kilowatt surface refrigeration plant, to supply chilled water to underground workings, has been completed and is being commissioned.

Ore reserves declined from 11,6 million tons at an average gold grade of 5,6 grams per ton in 1980 to 10,5 million tons at 5,5 grams per ton. These reserves include 1 891 000 tons of Middle Elshvirg Reef ore at a gold value of 2,8 grams per ton and a uranium value of 0.705 kilograms per ton (1980). - 1758 000 tons at 1.8 grams per ton of gold and 0,500 kilograms per ton of uranium) and were computed at a gold price of U.S. \$425 per ounce

Johannesburg 26th March, 1982

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Provincial Building Society

Notice to Existing and Prospective Borrowers and Investors

Notice to Existing and Prospective Borrowers

Provincial Building Society hereby gives notices that the rates of interest applicable to existing mortgage accounts and outstanding offers of advance are to be reduced by 1.50% with effect from 1st April 1982.

Where a mortgage deed specifies a period of notice before an increase in the rate of interest applicable to it is effective then the same period of notice shall apply to the implementation of this reduction and will commence on 1st April 1982.

For the purposes of this notice an outstanding offer of advance means an offer of advance of further advance dated prior to 31st March 1982.

The new rate of interest and revised repayment figure applicable to an existing mortgage and all outstanding offers completed on or before 31st March 1982 will be notified in each borrower's annual statement of account which will be sent during

Any borrower suffering hardship and requiring an earlier review of a repayment figure should communicate with the Society. Where an outstanding offer of advance has not been taken up by 31st March 1982 the new rate of interest and revised repayment figure will be quoted in the statement sent

to each borrower after completion: Prospective borrowers requiring information relating to the effect of this notice prior to completion should contact the Branch of the Society which issued the offer of advance or the Society's Head Office.

In Option Mortgage cases the appropriate subsidy will apply.

Provincial Building Society hereby gives notice that the rates of interest paid in all departments will be reduced by 1.00% per annum with effect from 1st April 1982.



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Randfontein Estates

Operating profit of R176,4 million was 18% lower than in 1980, mainly because the average price received for gold declined from U.S. \$621 per ounce in 1980 to U.S. \$471 per ounce in 1981. Dividends paid decreased from 1 100 cents in 1980 to 750 cents per share in 1981, absorbing R40,6 million. As a result of a slight increase in recovery grade to 5,2 grams per ton (1980 -5,1) together with an 11% increase in tonnage treated, the mine produced 23 679 kilograms of gold, 14% more than in 1980. Working costs increased by 6.5% but largely as a result of increased

tonnages of low-cost surface dump material replacing high-cost material previously mined at SD 32 shaft, unit cost per tan milled decreased by 3,9%. Expenditure on mining assets amounted to R103.9 million compared with R78.6 million in 1980 and R10.9 million was repaid in respect of long-term loans. The current estimate of expenditure in 1982 of R100 million will depend to some extent on the gold price. In 1981 some R63 million was spent on the Cooke No. 3 shaft project and a further R45 million is budgeted to be spent in 1982.

Underground operations in the SD 32 shaft area ceased and both that shaft and the Millsite uranium plant were placed on a care and maintenance basis. Sufficient surface material exists to operate the Millsite gold plant at full capacity for a few years and the rate of treatment has been

Production from both Cooke No. 1 and No. 2 shafts increased and the Cooke Plant operated at its rated capacity for both gold and uranium with improved extraction efficiencies.

Cooke No. 2A ventilation shaft was commissioned and additional hoisting facilities at Cooke No. 1 and No. 2 shafts will match the 20% increase in gold treatment capacity being installed at Cooke Plant.

Shaft sinking and construction work at Cooke No. 3 shaft progressed well and haulages to link this shaft to Cooke No. 2 shaft have reached the shaft position. Development of the reef horizons to be served by Cooke No. 3 shaft has encountered encouraging gold and uranium values.

Uranium oxide production declined from 646,5 tons in 1950 to 591,8 tons mainly as a result of cessation of mining operations at SD 32 shaft. Contractual deliveries were maintained by purchasing concentrates from other producers. Once Cooke No. 3 shaft attains full production the company should be able to produce sufficient uranium oxides to meet all its commitments. As a result of the combination of lower production and r treatment costs, profit from uranium declined to R12,0 million

Ore reserves at the Cooke Section increased to 6,2 million tons at an average grade of 10,3 grams of gold and 0,226 kilograms of uranium per ton (1980 – 5,4 million). These reserves were based on a gold price of U.S. \$425 per ounce (£13 000 per kilogram).

Johannesburg 26th March, 1982

G. Y. Nisbet Chairman

SUMMARY OF OPERATIONS Western Areas Randfontein Estates 1981 Year ended 31st December GOLD 4 525 23 679 4 034 20 817 4 291 17 706 4,1 Tons milled - 000's Kilograms produced Recovery grade - grams per ton Average price received: U.S. \$ per ounce Rand per kilogram .. 621: 15:530 Cost: U.S. Speromoe 271 Revenue – R per ton milled Cost – R per ton milled Profit – R per ton milled 79,56 34,58 44,98 53,57 68,37 URANIUM Tons treated - 000's Oxide produced - tons Recovery grade - kilograms per ton 646,5 0,164 FINANCE 183,7 22,5 78,6 68,6 59,6 159,0 12,0 103,9 Profit from gold - Rm Profit from uranium - Rm 149,6 Capital expenditure - Rm Taxation - Rm Dividends declared - Rm

Western Areas Gold Mining Company Limited Elsburg Gold Mining Company Limited The Randfontein Estates Gold Mining Company, Witwatersrand, Limited (Allinearporated in the Republic of South Africa)

Notice of annual general meetings and closing of transfer registers The annual general meetings of the above companies will be held in the board room. Consolidated Building, Fox and Harrison Streets, Johannesburg, on Monday, 26th April,

1932, at:
09,15 hrs Western Areas Gold Mining Company Limited
followed by Elsburg Gold Mining Company Limited
11.00 hrs The Randfontein Estates Gold Mining Company,
Witwatersrand, Limited

Witwatersrand, Limited

Any member of a company is entitled to appoint a proxy to attend, speak and vote at the meeting of the company in his stead. A proxy need not be a member of the company.

Where applicable holders of shore warrants to bearer desirous of attending in person or by proxy or of voting at the meeting and at any adjournment thereof, are required to comply with the regulations of the company relating to share warrants. Copics of the regulations are available on application to the Head Office of the company or to the office of the london Secretaries.

The transfer books and vesictors of members of the secretaries. Others are home and registers of members of these companies will be closed from 20th to 26th April, 1982, both

JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED Sccretaries Per: D.J. Barrett

Consolidated Building, Fox and Harrison Streets, P.O. Box 590, Johannesburg, 2000.

Note: Copies of the Annual Report, will be provided on application to the London Secretaries Barnato Brothers Limited, 99, Bishopsgate, London EC2M 3XE. Tel: 588 7011.

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Companies and Markets HOLLAND CANADA High ! Low MGM
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Seaton Gt. Atl. Pac. Tea.
Gt. Basins Pat.
Gt. Basins 5!q 90!4 1473 48% 5373 414 28% 6612 324 24 17 4914 2418 226 1712 5748 42 16-3 777: 314: 27: 15: 27: 61: 37:4 35:4 43:2 45: 58: 44: 23:4 45: 44: 45: 44: Columbia Sas... 313e Columbia Pict... 671g Combined Int... 211e Combinata. Eng... 263e Conwith Edison ... 207e Comm. Satelite... 57 124e 1 84 334; 645s 102 407e 135e 144e 281e 85 774 40:5 20 15:4 17:2 21:5 25:4 17:2 25:4 23:4 23:4 20 23:4 98.5 65.5 AGF Holding. 50
98.5 65.5 AGF Holding. 79.8
99.4 15.7 AKZO. 29.3
98.4 15.7 AKZO. 29.3
98.5 78.7 AMEV. 85
60.1 46 AMRO. 85.8
60.1 46 AMRO. 85.8
62 34 Buhrmann-Tet. 44
41 18.1 Galand Hidga. 34
41 18.1 Galand Hidga. 34
41 18.1 Galand Hidga. 34
42 18.1 Caland Hidga. 34
45.5 98 Elsevier RDU nv. 139.8
77.0 64 EuroCom Tet. 73
74.5 49.8 Glet. Broades. 69.2
60.3 41.6 Helnekten. 55.9
90.4 15.3 Hoogoverta. 16
13.4 6 Hunter Douglas. 7.0
23.5 12.6 Int Muller. 29.3
142.8 50.5 Negree n. 29.3
149.8 33.5 Ned Cred Bank. 108.7
30.4 15.1 Nagrde n. 29.3
126.8 104.2 Nat Nad Cert. 109.8
49.8 33.5 Ned Cred Bank. 139.5
127.2 Ned Mid Bank. 139.5
128 60.5 Oce Grinten. 99.5
127.3 15.9 Pakhoed. 28.7
128 50.5 Oce Grinten. 99.5
128 160.7 128 Royal Dutoh. 28.7
128 169.9 Rodemoo. 201.7
148.0 117.2 Roranto. 21.5
147.5 180.5 182 10kyo Pac Hg. 193.5
160.7 128 Royal Dutoh. 29.5
160.7 274 32 184 461; 481; 446; 24 34 1874 3234 30 36 2554 2078 2078 397g 6334 891g 1836 22 4934 3454 574g 2416 1134 3972 2916 289 1776 3512 224 3412 246 4414 2466 4614 461 1816 3 3014 27 4016 27 4219 15 4219 3916 451e 351e 351e 357e 357e 377e 361e 261e 261e 403e 351e 351e 351e 351e 351e 55% 55% 15% 10% 19% 31% 44% | 17 | Sell Canada | 183, | 104 | Sew Valley | 14 | 2219 | SP Ganada | 2814 | 1812 | Srascan A | 1918 | Srascan A | 4,70 | Srinco | 4,70 | Srinco | 4,70 | 5,750 | Cit. inc. | 2314 | Cit. inc. | 2324 | Ci 20 2518 6819 37 12 2514 3758 18 45 11 % Napo Industries
18's Nat. Can...
21'; Nat. Detroit...
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18's Nat. System...
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18's Nat. Standard... 1778 1654 24 26 324 24 124 1734 2634 2934 3934 3114 2712 4034 2814 1662 3078 JAPAN 21:2 24:4 12:3 19:4 257g 363g 321g 15 High Low 425, 563, 34 317, 544, 276, 1851 Can N W Lands 25
29 Can Packers 30
251s Can Trusco 2554 Can Imp Bank 2654
29 Can Packer 161s
28 Can P. Ent. 161s
28 Can Trusco 3554 1,080 9111 713 580 1,780 1,780 457 700 458 516 493 1,320 1,500 1,500 7,580 2,940 890 630 5714 5156 67 4634 21 46 37 4639 4639 4639 473 473 4414 Amal. Sugar..... Amal, Sugar
Amax
Amdahi Corp......
Am-Arines
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Am. Motors
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Am. Quasar Pet. Holiday Inns 2554
Holly Sugar 44
Homestake 2314
Homestake 55
Hoover Uni 1614
Horner Int 192
Hospital Corp. 2978
Houston Inds. 19
Houston Mt Gas. 3836
Hughes Tool 2818
Hughes Tool 2818 39 19 14 275 295 1072 275 325 2178 2178 554 6578 7070 1144 154 1912 504 1918 2114 55 4434 3014 97:5 174:578; 78:135; 424; 48:4 478; 56 301<u>.</u> 72 291<u>.</u> 13 231<u>.</u> 185g 461g 155g 71g 61g 7 4838 1358 3458 4158 2158 3158 3159 5934 54½ 39½ Norfolk & Westn 47½
604 204, Nth. Am. Goal 2514
6914 3019 Nth. Am. Fhilips 35½
27¼ 20 Nth. State Pwr. 27½
35½ 35½ Northrop 46¼
35½ 35½ Northrop 46¼
35½ 35½ Northrop 21
35½ 35½ Nwest Eancorp 21
78¼ 35½ Nwest Inds. 61
11½ 9 Nwest Inds. 61
11½ 9 Nwest Inds. 61
11½ 9 Nwest Northrop 32
29 18 Nwest Northrop 32
21½ 30½ Northrop 25
21½ 30½ Northrop 25
25½ 32 Northrop 32
21½ 14½ Norton Simon 20
34¼ 18½ Norton Simon 20
34¼ 18½ Occidental Pet. 20½
50½ 18
00cean Drill Exp. 18½
39½ 25¼ Ogden 25½
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25½ 35½ 13½ Omerk. 15¼
40% 25 Oneck. 26% s Std Oil Cilifornia. Size
std Oil Oilos. 321g
Stanley Wits 15
Stanley Wits 15
Stanley Chem 2034
Sterling Drup 241g
Storage Tech. 25
Sunction 251g
Sunction 251g
Sunction 353g
Superior Oil 277g
Super Vet Str. 371g
Super Vet Str. 371g
Super Vet Str. 351g
Transpax. 353g
Transpax. 353g
Transpax. 353g
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Transpax. 353g
Transpax. 351g 871; 791; 871; 871; 871; 861; 861; 861; 851; 851; 851; 851; 851; 851; 254 4912 2414 3714 116 49 270 3078 1214 2814 | 85s | Dome Petroleum | 87s |
327s	Dom Foundries A	331s
15	Dom Stores	15
171s	Dom Stores	15
543s	FalsonNick s	653s
165s	Genstar	155s
107s	Gulf Canada	121s
2.10	Gulf Stream Res	2.80
93s	Mawk Sid, Can	11 NORWAY Hasky Oli 513
Hutton (EF) 2554		
IGInds. 2953		
ISING Corp. 4652		
IU Int. 1259		
Ideal Basic Ind. 1559		
Ideal Toy. 973		
IGI ADR. 514		
Imp Corp Amer 714		
INCO. 1213		
Ingersol Rand. 6654		
Inland Steel. 2159		
Intel 2719		
Inter First Corp. 2518		
Inter Instruke. 2954		
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Inter North. 59 18te 461g 405q 501g 203g 341e 978 1834 2797 35 415g 4454 471a 1981/82 Mar. 26 100 77 111 47 360 290 135 173 140 153 84 510 537,5 ITALY 3876 1734 614 5134 4914 446 7814 125 4118 2218 2374 4914 4914 4914 2618 4914 5814 Tandy 293,		
Taledyne 116		
Tektronix 461;		
Tenneco 28		
Tenneco 293,		
Tasora Pet 201;		
Texas Comm. Bt 35		
Texas Comm. Bt 35		
Texas Fastarn. 443;		
Texas Oil & Ges. 253,		
Texas Oil & Ges. 27		
Tex 112 42544 2944 2944 2944 2054 1644 2144 2144 2144 2174 1981/82 12 le OutboardMarine 21 le 12 la Overseas Ship. 15 le 17 le Owens-Corning. 18 le 20 Owens-Cining. 18 le 20 Owens-Hiinoia. 24 le 17 le 17 le 18 le 20 Owens-Hiinoia. 24 le 17 le 18 le 20 Pac. Lighting. 25 le 26 Pac. Lighting. 25 le 26 Pac. Lighting. 26 le 26 Pac. Lighting. 26 le 26 Pac. Hand Pipe. 30 le 28 Pan. Hand Pipe. 30 le 28 Pan. Hand Pipe. 30 le 28 Parker Hanfn. 15 le 28 Parker Hanfn. 15 le 26 Penney III. 35 le 35 le 35 le 26 Penney III. 35 le 35 le 26 Penney III. 35 le 35 le 26 1858 1734 4814 4079 3119 6578 3134 inti, Flavours		
inti. Harvester		
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James (FS)		
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Johnson & Jiss.		
Johnson & Jiss.		
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Kalser Ajum. 161,700 38,850 1,850 5,678 9,800 1,910 41,850 180,9 137,50 2,856 1,501 17,750 14,925 25 14 25 14 15 14 19 15 10 15 2078 934 2,50 30 4,75 234 384 678 1678 5x14 5.87 78 1214 48 46 13 3474 401e Avnet		
2278 Avon Prod		
25 Baker Inti.		
20 Baker Inti.		
20 Bait. Gas & II...		
21 Bangor Punta...		
21 Bank of N.Y...		
22 Banker Tst.N.Y.		
23 Banker Tst.N.Y.		
24 Bansch & Lomb...		
25 Bank of N.Y...		
26 Barry Wright...		
27 Bassch & Lomb...		
28 Bassch & Lomb...		
29 Bestrice Foods...		
29 Bestrice Foods...		
29 Bestrictes...		
20 Best Industries...		
30 Beneficial...		
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Tricavitre 11 la 23 la 25 la 29 la 19 la 22 la 18 la 50 la 63 a 7 Peoples Energy 9712 Peoples Energy 9712 Peoples Energy 9713 Perkin Elmer 1673 Petrie Storas 1234 Petrolane 4016 Phila Elect 12018 Phila Elect 12018 Phila Elect 12768 Philabury 1814 Pinias Petrolane 1712 Pinias Petrolane 1713 Pinias Petrolane 1714 Pinias Petrolane 1715 Pinias Petrolane 1715 Pinias Petrolane 1715 Pinias Petrolane 1715 Polaroid 1714 Polaroid 1714 Polaroid 1715 P AUSTRALIA 104 7 1981/62 High	Low 1314	Kaneb Services...
91g	Reed Steins A	111g
31	Rio Algam	34
221g	Royal Bank	131g
131g	Royal Trastoc A	131g
51g	Sceptre Rea	51g
58	Seagram	521g
157g	Shell can Oil	15
223g	Steel of Can A	223g
Triton Energy. 124
Triton Energy. 171e
Tyler 188
UAL 188
UMC Indle. 758
Unilever N.Y. 5834
Union Camp. 4758
Union Carbide. 455 171₂ 721₂ 285₃ 401₆ 450; 225; 726; 727; 1,770; 4,500; 1,150; 1,150; 941; 6,780; 250; 1,010; 941; 6,780; 774; 1,100; 5,490; 1,100; 5,490; 1,100; 5,490; 1,10 366 Nomura 363 NYK B45-Olympus. 1,410 Pioneer 600 Renown 549 Ricol 379 Sarryo Elect. 231 Sapporo 251 Sapporo 252 Saksul Prafab 645 Sharp 775 Shiseldo Brockway Glass.
Brown Forman B
Brown Grown & Sharp
Brown & Sharp
Browng Ferris.
Brunswick 437s 50 41 291s 681s 46 815s 535s 1061s 5051s 5051 307s 357s 20 227s 281s 7314 393s 4514 13 1414 1154 45s 541s 541s 541s 15.75 2.00 7.00 7.50 3.02 3.85 0.73 0.52 1.62 2.75 3.00 4.70 2,960 Sony 332 Stanley 2618 Tomo Marine 355 Talhei Dengyo 199 Talei Corp 581 Talei Corp 618 Taleo Pharit 618 Taleo 2036 4016 4414 2518 4734 5 518 1418 3134 Crusader Oil. 3.85 Elder Smith GML
0.24 Endeavour Bea.
1.40 Gen Prop Trust.
3.50 Hartogen Energy
1.00 Hooker.
1.06 Icf Aust.
0.90 Jennings.
0.25 Jimb Janas (50cFP)
1.40 Jones (b)
0.07 Kia Ora Gold.
0.21 Lenuard Ol.
1.40 Median Oil 121e Flexi-van 141e
241e Florida Pwr & L 305e
157e Ford Motor 205e
307e Foremost Mck. 307e
115e Froster Wheeler 157e
151e Fracter Wheeler 165e
151e Fracter Wheeler 165e
151e Fracter McM 165e
151e Fracter McM 170e
151e Fr 565/Telkoku Oli

585/TBS
462/Tokyo Marine
800/Tokyo Elect.Pwr.
103/Tokyo Gas.
455/Tokyo Gas.
455/Tokyo Gar.
214/Tokyo Corp.
214/Tokyo Corp.
390/Tokyo Selikan
724/Toyota Motor
1671/Wacoal
632/Yanaha
532/Yanaha
236/Yasuda Fira
487/Yokogawa Bdge. 22 1g 25 14 85g CSX 46
Campbell Red L 113,
Campbell Soup... 341g
Campbell Tagg 215g
Canal Randolph... 275g
Can. Pacific 245g
Carlisle Corp... 307g
Carp Tech... 341g Varian Assocs 3078 Vernitron 1018 555 701 995 132 643 241 525 560 495 1,840 4,380 1,210 651 378 705 2014 Republic Stee! 2014 26 Rep of Texas. 29 105g Reach Cottreli 121s 1334 Resort Inti A 17:3 1919 Revoc (OS). 2514 101g Revere Copper 105g 2634 Revioli. 27:5 1034 Revioli. 123g 4214 Reynolds (RJ). 453g 2514 Rite Aid. 293g 2514 Rite Aid. 293g 3014 Roadway Exps 35 9 Robbins (AH). 121g 1114 Rochester Gas 141g 1114 Rochester Gas 141g 151g Rom & Haas. 501g 133g 31% 45½ 18% 27% 250% 52¼ 52¼ 52¼ 45% 71% 71% 71% | 4112 | Mac | 3014 | MfcrayHanover... | 1315 | Marville Corp... | 2612 | Mapco | Mapco | 1614 | Marathon Oil... | 2914 | Marriah McLenn... | 1312 | Marsh McLenn... | 1312 | Marsh McLenn... | 2812 | Marsh McLenn... | 2812 | Marsh Gup... | 2713 | Masso | 168 | Massa Multi.Corp... | 1358 | Mass Multi.Corp... | 66 8978 2678 4487 4588 4584 4584 4784 478 478 1678 3184 | 5514 | Carp Tech. | 3412 | 1515 | Carter Hawley | 1415 | 4534 | Caterpillar | 1416 | 4534 | Caterpillar | 1516 | Caterpillar | 1517 | 2012 | Central & Sw. | 1518 | 10 | Central Soya | 1018 | 2014 | Central Tel Util | 2018 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1019 | 1 2012 7234 8234 84256 44256 44256 117 3536 110 4444 5236 5236 5236 5236 291g | Gannet | 163g | Gelco | 141g | Gelco | 141g | Gen Am Invest | 152g | Gen Cinema | 152g | Gen Electric | Gen Foods | Gen Instrument | 27 | Gen Mills | 4 | Gen Motors | 4 | Gen Hotors | 6 | Gen Signal | 243g | Gen Tiep Elec | 183g | Gen Resco | 183g | Genesco | 183g | 183 GERMANY 0.14 Meridian Oil
0.08 Monarch Pet
1.30 Myer Emp.
2.33 Nat. Bank
1.90 News
1.25 Nicholas Kiwi
1.12 Oalbridge
0.50 Otter Expl.
1.65 Pancon.
0.09 Pan Paeiric 0.12 1.35 2.45 1.90 1.27 1.87 1.30 0.65 1.90 34 334 3836 4018 478 3578 2966 1918 434 SOUTH APRICA 1981/82 Price Rand 2718 1058 1115 1678 3214 2638 1714 3258 3958 2914 634 634 4858 Mar. 26 218 218 285 148,2 67,8 361 284,5 167 218 214 210,5 2.80 Abercom
6.9 AE & G.
11.20 Asglo Am
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1.90 Currle Finance
1.90 Currle Finance
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3.77 Highrel d Steel
5.70 Huletts
26.25 Kloof
5.30 Necbank
15.00 OK Bazaara
2.35 Practal Hidga
3.00 Rennies
3.6 Rust Plat
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3.25 SA Srawa
15.00 Tiger Oats
2.55 Unisee 2.8 6.9 11,2 79 55 39 30 38 50 17 45 50 14 45 Senuine Parts...
Georgia Pac...
Geosource
Gerbes Prod...
Getty Oil...
Giddins Lewis...
Gildins Lewis...
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Grace 264g 151g 281q 245g 415g 165g 271q 101g 1834 16 25 35 365, 313, 621, 321, 28, 351, 273, 213, 301, 591, 441, 254 4478 1854 124 1919 214 2218 3519 394 297 185 180 242,5 77,9 123.7 27.1 426 118.0 164.3 3.97 ?.7 97 5,85 16,50 2,60 4,20 5,60 2,80 4,20 15,5 3.4 SINGAPORE 194.5 150.2 | Kauthof. | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 | 150.2 156.5 181.5 63.5 56 305 72.3 176 148 253.5 235 Mar. 26 Price \$ Indices **AUSTRIA NEW YORK** -DOW JONES Price % 1981/82 Mar. 26 Mar. Mar. Mar. Mar. 1981-92 Since Complity 24 23 92 19 High Low High Low 1981-82 Since Cmpli't'r 238 | 201 | Credit'stalt Pfd... | 220 238 | 178 | Laenderbahk Pfd | 190 276 | 243 | Peri mooser ... | 265 110 | 90 | Semperit ... | 152 251 | 160 | Steyr Daimler ... | 152 267 | 190 | Ueltscher Mag ... | 190 Financial Rand US\$0.741 Mar. 25 Маг. 94 (Discount of 221%) 817.82 827.54 825.54 825.57 819.54 805.65 1024.06 755.47 1951.70 47.22 (27/4) 65.28 56.46 58.24 58.46156.35 58.51 (51/47) 647.52 (11/1/78) (27/82) 56.25 355.82 357.21 3563.54/356.75 328.18 447.35 (16/4) 514.36 447.58 12.25 (16/4) 647.58 108.57 108.57 108.58 108.41 108.42 107.55 106.68 177.61 (01/28) 165.52 10.5 (28/4) (28/4/42) 255 194,5 170 265 284,2 220,8 87,2 179,3 BRAZIL AUSTRALIA All Ord. (1/1/88) Metal & Minls. (1/1/80) 476.7 478.5 567.1 542.1 1981/82 High Low Price Màr. 26 AUSTRIA Credit Aktien (2/1/62) 66.84 BS.47 65.49 55.49 85.47 (6/1/81) 55,45 (22/5/82) 0.78 Aossita 5.05 Sanco Sresii 1.80 Seigo, Min. 8.80 Logas Amer. 2.12/estrobras PP. 2.05-30uza Cruz. 4.85 Unip PE. 1,90 18,75 4,89 9,00 10,40 10,15 12,50 18,70 1,86 11,95 3,60 8,10 9,20 9,40 10,50 15,00 BELGIUM/LUXEMBOURG 42,400 51,879 48,680 67,180 57,678 46,259 ---**SWEDEN** BELGIUM Belgian SE (61/12/86) 97,58 88,60 85,52 101.58 25/2/82) 89,55 (16/6) 1981/82 High | Low 286 144 Mar. 26 Price Krano DENMARK Copenhagen SE (1/1/75) High Low **♦Day's** high \$27.44 low 814.12 248 219 200 395 134 323 287 136 236 197 840 ARBED SANCE SA 168 AGA 132 Alfa-Laval 71 ASEA (Free) 230 Astra 214 217 181 5,000 2,100 1,845 206 2,060 4,740 2,950 2,630 1,640 Mar. 19 Mar. 12 Mar. 5 Yearago (approx ind. div. yield % 5.98 6.99 6.90 77,8 (16/6) 87,7 (4/1/82) RANCE 391 125 218 250 91 216 134 230/Astra 76.5/Atias Copeo... 104-Bolidan... 125/Cellulosa... 76.5/Electrofux B... 104 Ericsson 125/Esselto (Free)... 188 2,020 TEL AVIV GERMANY FAZ-Aktien (51/12/65) Commerzbank(Dec 1958) STANDARD AND POORS Change on the Company 1991-82 Since Cmpli't's Mar. Mar. Mar. Mar. Mar. Mar. 19 High Low High Low Banking, Insurance
and Finance
Bank Leurni te Iereal 2.200
IDB Bankholding 1.312
Bank Happanim Br. 2.952
Union Bk. of Israel Br. 2.030
United Mizreh: Bank ... 1.520
Hassneh Insurance Br. 1.514
General Mort, Bank Br. 1.000
"Tetahot" Isri. Mt. Bk. 2.120 3,926 1,636 Emprunt 43 1874 1,869 10,950 5,500 Emprunt 72 1975 6,000 5,289 2,580 CNE 32 2,840 519 370 Air Liquide 460 212,6 93.3 Acquitaine 125 155,6 Au Printemps 155,6 Indust'ls..... 124,14 125,51 125,54 126,97 125,27 122,74 157,92 119,41 150,98 6,52 217 114 206 169 280 590 290 185 354 137 135 85.2 88.2 88.8 72.5 72.1 71.5 152 111 78.5 (28/5) 61.4 (22/12) Composite 111,84 113,21 112,97 115,55 112,77 110,61 158,12 107,54 140,52 4,402 (6/1/81) (6/6/62)(28/1186)(8/1/81) 3,600 Patrofina
3,600 Royale Beige
1,545 Soc. Gen. Banq
860 Soc. Gen. Seige
2,010 Sofina
1,440 Solvay
1,060 Traction Elect
950 UCB
484 Union Miniere
980 Vieille Mont lang Seng Bank (51/7/84 1188,19 1210,16 1225,59 1221,18 1118.77 (5/10) 5,200 5,700 2,705 1,575 5,695 2,490 2,960 2,010 844 1,890 1810.28 (17/7) 4,640 5,550 2,675 1,470 3,695 2,110 588 | 366 | BIC | 1,210 | 537.0 Bouygues | 1,494 | 858 | BSN Gervais | 1,898 | 1,500 | Carrefour | 572 | 365.0 Club Meditar | 633 | 340 | CFAC | GFAC | 6403 | 183 | CSF (Thomson) | 127 | Gie Bancaire | 420 | 236 | Gie Gen Eaux | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1 Mar. 10 | Year ago (approx 443 756 1,401 1,580 Ind. div. yleid 🖇 5,88 6,08 4,44 7,64 7.37 7,37 9,68 JAPAN** Dow Average (18/5/49) Tokyo New SE (4/1/88) 567 575 193 199 309 Land Development
Africa Israel Inv. ISIO 3,650
Israel Land Davat: Br. -Property and Building 1,100 7205.697175.187164.517097.80 686.01 684.81 685.84 688.67 6888,53 (17/3/82) 496,28 (6/1/81) 8019,14 (17/8) 608,82 (17/8) 13,14 13,14 13,15 12,63 Long Gov. Bond yield SWITZERLAND NORWAY Osio SE (1/1/72) 116.01 [18.67] 114.86 114.86 170,34 (6/8) | Mar.26|Mar. 25 Mar. 24 117 77 118 46 1,093 392 82 253 1981/82 High | Low Public Utility Mar. 26 Mar. Mar. Mar. 25 24 23 1,816 1,859 822 655 607 772 387 432 20 22 18 35 1981 -82 SINGAPORE Israel Electric Con High Low 687.49 (9/5/82) DENMARK 575 2,090 1,870 SOUTH AFRICA Gold (1958) Industrial (1958) 64,53,65,15,65,00,65,30 79,14 62,08 (8/1/81) (8/3/82) Bank Laumi Invest. ...
"Clat" isroel invest.
Discount Invest. \$96 890 860 442.6 450.1 475.2 668.7 570.8 574.8 475.2 671.7 Price 1981/82 Mer. 95 High Low 1981-82 RPAIN 1,165 Legrand 1,625
25.4 Machinee Bull 25.6
632 Matra 1,215
632 Matra 1,215
638 Model Hennessy 660
49.5 Moulinex 59.8
258 Pernod Ricard 59.8
126 Perner Ricard 181
112 Peugeot-SA 175 MONTREAL Madrid SE (60/12/81) 101.34 101.29 101.48 101.51 197.46 (9/2/82) 1,700 50.3 2,400 867 684 84.0 352 190 194 Mar. 25 99,17 (6/1/82) Low Industrial Argaman Territe Sr. 850 4 16 "Ato" Toottia "B" 80 4 16 Assis Eits 1,180 4 6 Assis 1,000 1,0 261.06: 265.91 261.34 286.52 270.08: 272.74 270.59 275.94 270.45 (16/6/82) 259,88 (16/6/82) 493,58 (27/5) 875,28 (18/8) SWITZERLAND Swiss Bank Con.(61/12/66) 256.1 286,0 TORONTO Composite 1807.1: 1820.5 1816.5 1625.4 2366.55 (1877) 1567.6 (16/6/82) WORLD Capital Intl. (1/1/16) 288.2 NEW YORK ACTIVE STOCKS .219 295 973 533 640.0 1,228 300 Stocks Closing traded pnce 2,374,400 12½ 1,688,600 21½ , 959,000 26½ 616,900 59 ; 597,100 31½ Stocks Closing on traded pincs day
Roebuck 474,700 18% - %
Nm. ... 435,100 23% - %
Ledison 402,000 21 - ...
or Oil ... 396,700 27% 11%
of Field 395,100 27% - % 1,560 105.0 149.4 137 313.0 696.6 176 (**) Set Mar 20: Japan Dow (c). 175E (c).

Base values of all indices are 100 assespt Australia All Ordinary and Matabases. NYSE All Comon—50: Standard and Poors—10: and Toronto—1,000: the last named based on 1975. † Excluding boads. ‡ 400 industrials. § 400 industrials plus 40 Utilities. 40 Financials and 20 Transports, c Closed. y Unavaliable. P. Svc. Nm. ... / Comw. Edison Superior Oil ... Relson Purins.. NOTES: Prices on this page are at quoted on the individual exchanges and are last traded prices. § Design suspended, to by dividual, to by action leave, or by rights, so by all.

هكذامن العصل

All of these securities having been sold, this announcement appears solely for purposes of information.

NEW ISSUE

February 10, 1982

¥18,000,000,000

KINGDOM OF DENMARK

8.4% Yen Bonds Series No. 6 (1982) due 1994

Issue price: 99.85%

The Nikko Securities Co., Ltd.

Daiwa Securities Co. Ltd.

Yamaichi Securities Company, Limited The Nomura Securities Co., Ltd.

The Nippon Kangyo Kakumaru Securities Co., Ltd.

Sanyo Securities Co., Ltd. Merrill Lynch Securities Company

Okasan Securities Co., Ltd.

Tokyo Securities Co., Ltd. Marusan Securities Co., Ltd.

Koyanagi Securities Co., Ltd. The Chiyoda Securities Co., Ltd. Kosei Securities Co., Ltd.

Mito Securities Co., Ltd. The Toko Securities Co., Ltd. Takagi Securities Co., Ltd.

Wako Securities Co., Ltd.

Smith Barney, Harris Upham International Incorporated Osakaya Securities Co., Ltd. Dai-ichi Securities Co., Ltd. Bache Halsey Stuart Shields (Japan) Ltd.

Yamafane Securities Co., Ltd. Vickers da Costa Ltd. Nichiei Securities Co., Ltd.

Hinode Securities Co., Ltd. Maruman Securities Co., Ltd.

Towa Securities Co., Ltd.

Naigai Securities Co., Ltd. The National Tabayashi Securities Co., Ltd.

Jardine Fleming (Securities) Ltd.

New Japan Securities Co., Ltd.

The Kaisei Securities Co., Ltd.

Ichiyoshi Securities Co., Ltd.

Utsumiya Securities Co., Ltd.

Meiko Securities Co., Ltd.

Toyo Securities Co., Ltd.

Kokusai Securities Co., Ltd.

Copenhagen Handelsbank A/S Privatbanken A/S Algemene Bank Nederland N.V.

Union Bank of Switzerland (Securities) Limited

Den Danske Bank af 1871 Aktieselskab R. Henriques jr. Bank-Aktieselskab

Lehman Brothers Kuhn Loeb International, Inc. Westdeutsche Landesbank Girozentrale

Bank Hapoalim.

CONDENSED CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1981 (U.S. Dollars in thousands)

Cash and Duefrom Banks Securities, including Government Bonds 692.297 5,317,309 Deposits and Loans to the Government Loans and Bills Discounted Loansfrom Deposits for Loan Purposes Other Accounts Bank Premises and Equipment Customers' Liabilities

LIABILITIES US Dollars Capital Reserves and Surplus Capital Notes 296,581 47,413 1,327 297,765 9,365,125 2,976,484 Outside Shareholders' Interests Convertible Debentures and Option Warrants Issued by Subsidiaries Non-Convertible Bonds and Notes Deposits Deposits for Loan Purposes
Debentures Issued by Subsidiaries Other Accounts Liabilities on Account of Customers <u> 1,715,958</u> <u> 19.068,725</u>

CONDENSED CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED DECEMBER 31,1981 (U.S.Dollars in thousands)

USDollars 264,078 148,304 Net Operating Income Before Taxes Provision for Taxes Net Operating Income After Taxes 115,774 Outside Shareholders' Interest in the Net Income of Subsidiary Companies 14.428 101,346 709 Net Extraordinary Income after Taxes 102,055 Net Income

Earnings per Share (Fully Diluted)

The entire report is available in all Bank Happalim branches.

The financial statements of the bank are stated in Shekels. This statement has been converted from Shekels into U.S. Dollars at the official exchange rate prevailing on December 31,1981. LS.15.604=1 U.S. Dollar.



338 Branches of the Bank Hapoalim Group in Israel. Branches, Subsidiaries, Offices and Affiliates also in New York, Los Angeles, Boston, Chicago, Philadelphia, Miami, London, Manchester, Zürich, Luxembourg, Cayman Islands, Paris, Toronto, Montreal, Buenos Aires, São Paulo, Caracas, Montevideo, Punta del Este, Uruguay, Panama and Mexico City.

COMPANY NOTICES

ANGLO AMERICAN INDUSTRIAL **CORPORATION LIMITED**

orated in the Republic of South Africa)
NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN that the elphteenth annual general meeting of members of Anglo American industrial Corporation Limites will be held at 44 Main Street; Johannesburg, on Tucsday, April 20, 1982 at 11845, for the following business:

1. To receive and consists the annual annual general meeting of members of Anglo American industrial Corporation Limites will be held at 1, 10 receive and consists the annual an i Main Street. Johannesburg, on Jussary. April 20. 1992 at 1995. We lifewing business:

To receive and consiser the annual financial statements of the corporation for the year ended December 31, 1981.

To elect directors in accordance with the provisions of the corporation's articles of association.

To consider and, if deemed fit, to base with or without modification the following resolution as an ordinary resolution:

"That the directors are hereby authorised:

(f) To allot and issue, after providing for the allotment and issue of ordinary shares in terms of the share incentive scheme and the 2.550 743 shares required for the exercising of options, all or any portion of the remaining unlassed ordinary shares of a nominal value of R1 each in the capital of the corporation, at such time or times, to such serion or persons, company or companies, and upon such terms and conditions as they may determine.

of the Corporation, at such times and conditions as they may december.

(ii) To make arrangements on such terms and conditions as they may december to make arrangements on such terms and conditions as they may december to make arrangements of the corporation offered by way of rights issues but the corporation offered by way of rights issues on taken are provided the persons cutified thereto; and contribed may be the persons cutified thereto; and contribed the persons cutified in pursuance of a rights issue, ments in reported of any shares issued in pursuance of a rights issue, ments in reported that plannessurg and/or London stock exchanges during form period which they are quoted on such stock exchanges may be told by the underwriters, and the not proceeds of any sale of such rights shall be paid to the corporation."

The ordinary transfer registers and the ordinary section of the register of members of the corporation will be closed from April 15 to April 20, 1982, both days inclusive.

A member entitled to attend and vote at the meeting may appoint to a member of the corporation.

By Order of the based a member of the corporation. and corporation.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

29th March, 1982.

March 29, 1982

COMMERZBANK AKTIENGESELLSCHAFT

B.A.S.F. TRANSAYLANTICA Loan of FFr. 100,000,000 7.50% 1972-1987

EUROPEAN INVESTMENT BANK F20,000,000 15% BONDS OF 1980. DUE 1st MARCH 1991. Luzembourg Dated: 29th March 1982 EUROPEAN INVESTMENT BANK

CLUBS

LEGAL NOTICES

IN THE MATTER OF
THE COMPANIES ACT 1948
AND IN THE MATTER OF
SOCIETE CYLSA d'INDUSTRIE
ET COMMERCE LTD.
Registered Office:
218, The Strand, London WC2R 1DG

NOTICE IS HERESY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a MEETING of the CREDITORS of the above-named Company will be held at Winchaster House, 100, Old Broad Street, London, EC2, on 15th April, 1982, at 11.30 a.m., for the purposes mentioned in Section 294 et seq of the ead Act.

Dated this 18th day of March, 1982.

By Order of the Board, Y, YEGHIAZARDAN,
Director,

CLUBS

CONTRACTS AND TENDERS

COMMITTEE OF ISLAMIC SOLIDARITY WITH THE PEOPLES OF THE SAHEL

TENDER NOTICE

SUPPLY OF CEREALS TO THE SAHEL COUNTRIES

In accordance with the relevant resolution of the Organisation of the Islamic Conference, aimed at providing emergency food assistance to ten countries in the African Sahel affected by persistent drought, the Committee of Islamic Solidarity with the peoples of the Sahel, with its headquarters at the Organisation of the Islamic Conference, P.O. Box 178 in Jeddah, Saudi Arabia (telephone no. 6873880, telex no. 401366 Islami SJ) invites sealed tenders in the prescribed tender form for the supply of different quantities of cereals totalling approximately 37,000 tons of various types of rice, 8,000 tons of hard wheat, 23,000 tons of white correlations of the supply of the supply 12,000 tons of white correlations. white sorghum, 12,000 tons of yellow sorghum, and 8,000 tons of two types of maize, to Cape-Verde, Senegal, Gambia, Mauritamia, Guinea, Guinea-Bissau, Mali, Upper Volta, Niger and Chad, as per details and specifications set out in the tender documents.

The tender form and other tender documents are available for personal delivery, free of cost, at the General Secretariat of the Organisation of the Islamic Conference in Jeddah, Saudi Arabia, the Executive Secretariat of the C.I.L.S.S. in Ouagadougou, Upper Volta, the Islamic Development Bank in Jeddah, Saudi Arabia, and the Arab Bank for Economic Development in Africa (BADEA), Khartoum, Sudan.

Tenders shall quote a firm price in U.S. dollars for each quantity set out for each cereal for each Sahel country, on the basis of "delivered customs warehouse at the capital of destination (incoterms). But duty

The quantities required shall be supplied so as to complete delivery of the last tranche to the warehouse in the capital concerned before 1 July 1982.

Tenders will be received in the office of the Secretary General of the Organisation of the Islamic Conference up to 12 noon on Thursday, 29 April 1982, and will be opened at 11 a.m. on Saturday, 1 May 1982.

ART GALLERIES

GALLERY, 11 01-726 2802. dercolours, Draw-March-8th April.

MATHAF GALLERY, 32, Moroamb Street, London, SW1. Tel. 235 0010. Specialists ip 19th Century and Contemporary Paintings in Arable.

KINGDOM OF MOROCCO

OFFICE NATIONAL DE L'EAU POTABLE

SUPPLY OF DRINKING WATER TO THE TOWN OF KARIA BA MOHAMED AND REGION

> CALL FOR TENDER No 10/DE/82 (Public Opening Session)

Technical details:

The piping will originate from the OUED SEBOU superficial waters and produce 30 litres/second.

The project is to be realised with the financial participation of the WORLD BANK. Only companies from countries members of the WORLD BANK and SWITZERLAND may participate.

A) BY PRESELECTION: PART No. 1: PURIFYING PLANT

This part covers the study, realisation and equipment of the following

- Drawing from Oued Sebou a 50 litres/second flow of plain water; Installation of a pumping station capable of producing 35 litres/ second of plain water;
- Installation of a back-force pipe linking the pumping station to the
- purifying plant; Installation of a purifying plant and supplementary works; Installation and supply of equipment of a purified water pumping station (30 l/s) to back-flow towards the existing cistern in Karia

Construction of housing facilities for the staff.

The above works must be completed in fifteen (15) months.

BY CALL TO TENDER: PART No. 2: PIPES

- Supply, transport and laying down of asbestos-concrete pipes (Ø 200 mm);
- Calibre 25 on a length of 1300 ml
- Calibre 30 on a length of 1600 ml Calibre 40 on a length of 2680 ml;
- Hydraulic equipment and odd spares;
- Additional works such as: crossing of oueds, check-holes, etc.

The above works must be completed in seven (7) months.

Bids may be offered for both parts, although in separate envelopes. Tender documents may be obtained from the issuing authorities at a cost of: —500 DH for Part I, —150 DH for Part II, to be credited to: "Monsieur le Directeur de l'ONEP - CCP RABAT 106-11 MAROC."

The bid in figures and the deposit representing 1.5% of the amount of the bid must be included in an envelope bearing the term "SOUMISSION" enclosed in a second envelope containing the technical and financial references of the bidder for prior studies of a similar kind and importance.

Each bid, bearing the reference number of the tender and the closing date should be sent before 9 June 1982 to: "Monsieur le Directeur de l'ONEP, 6 bis, Rue Patrice Lumumba, RABAT, Morocco."

Alternatively, the bids may be handed to the President at the opening of the public session to be held on Friday, 11 June 1982 (10.00 hours local time), in the Conference Room of the ONEP Buildings, Division Equipement, Quartier Administratif, RABAT, Morocco.

Ridgefield Management Ltd. 1 Firstney Sq., EC2A 190 legges UT 175 4 62 71 - 0 71 10 17 International UT 175 1 10 8 1 174

BY JONAS CROSLAND

U.S. rates hold the key

Like it or not, there appears ever, was fairly generous with to be a level which some day to day assistance on more to be a level which some interest rates in Europe are unlikely to fall through unless U.S. rates start to decline. There has been and will always be a direct link between rates either side of the Atlantic and the recent campaign in Europe to decrease the importance of this link seems to have gone about as far as it can without a drop in U.S. rates.

Last week therefore interest day to day assistance on more than one occasion and this helped keep the one week money rate at 13½-13½ per cent compared with 13½-13½ per cent the previous week, while longer the previous week week about a sixteenth of a point up.

Elsewhere in Europe it was the weakness of the French frame which helped to keep short term rates were about a sixteenth of a point up.

Elsewhere in Europe it was the weakness of the French frame which helped to keep short term rates were about a sixteenth of a point up.

Elsewhere in Europe it was the weakness of the French frame which helped to keep short term at the size contains the size of discount to 20 per cent from 18 per cent to 20 per cent from 18 per cent with the rate of discount to 20 per cent from 18 per cent the previous week, while longer the previous week, while longer the previous week with the rate of discount to 20 per cent from 18 per cent the previous week with the rate of discount the previous week with the rate of discount to 20 per cent from 18 per cent the previous week with the rate of discount to 20 per cent the previous week with the rate of discount to 20 per cent the previous week with the rate of discount to 20 per cent the previous week

Last week therefore interest rates showed little overall change. In London rates bobbed up and down in sympathy with Euro-dollar rates. These in turn were heavily influenced by the weekly paranoia seen in the market ahead of U.S. money supply figures.

Iduidity levels in some other centres embarrassingly high as many central banks intervened in the foreign exchange market in support of the franc to stop it vanishing out of the bottom of the European Monetary System. Consequently the official call money rate in Amsterdam was cut to 1½ per cent on Wednesday although later in the week it was Last week therefore interest

The Bank of England, how increased to 5 per cent after

encouragement by the end of the In Paris the siege continued with the rate of discount on seven-day Treasury hills rising to 20 per cent from 18 per cent. Call money remained at 17 per encouragement by the enc of the encouragement by the encouragement

WEEKLY CHANGE IN WORLD INTEREST RATES

£		Mar. 25			Mar. 25	Change	i
s i t f	LONDON Base rates 7 day Interbank 3 mth Interbank Treasury Bill Tender Band 1 Bills Band 2 Bills	134-1378 1314-1378 1359-1314 12.5132 1314	Unch'd '8 Unch'd -+ 0.0581	Federal funds 3 mth Treasury Bills 6 Mth. Treasury Bills 3 Mth. CD	161 ₂ 141 ₄ -141 ₂ 12.86 12.90 14.40	Unch d 12 0.06 0.06 0.25	
l	Band 3 Bills 3 Mth. Treasury Bills 1 Mth. Bank Bills 3 Mth. Bank Bills	125.* 127.122	Unch'd		9.5 9.625 9.525	Unch'd -0,125 -0,175	
5 [TOKYO One month Bills Three month Bills	6.59375 6.53125	Unch'd	Intervention Rate 1 Mth. Interbank Three month	17 17 <u>%</u> 15 ₁₆	บก eb'd + 1 + 5 c	
	BRUSSELS One month Three month	 145g 145g	÷ 13 ÷ 15	MILAN One month	20-). 20-:	Unch'd	
_	AMSTERDAM One month	773 B.5	~1;	DUBLIN One month	2054 201a	÷59	

BANK OF ENGLAND TREASURY BILL TENDER

	March 26	March 19	i	March 26	March 19
Bills on offer	£877,55m £100m £96,88	£452,8m £100m	Top accepted rate of discount Average Average yield. Amount on offer at next tender	12.5132% 12.92%	

FT LONDON

IM I	EKE	SANK	FIX	ING
	_			

S months (J.S. dollars
bid 163/8	offer 15 1/2
6 months L	I.S. dollars
bid 157/8	offer 15 1/2

working day. The banks are National Westminster Bank, Bank of Tokyo. Deutsche Bank, Banque National de

LONDON MONEY RATES

Mar. 25 1982	Certificate of deposit	interbank	Authority deposits	negotiable bonds	House Deposits	Company Deposits	Market Deposits	Treasury Bills 9	Bank Bills &	Frade Frade Bills o	
Overnight	-	10-13%	1312-1534	I - I		134-137g	10-134				•
2 days notice		l – .	1354-1378	l — í	_	i — 1		ı — :		-	
7 days or) -	1 - `i	<u> </u>) - 1	_	l — 1	-	l — i	<u></u> }	_	
7 days notice	. –	134-13%	137g	, 1	_	137g-14	13-134	' - -	- 1	-	
One month		15%-13%	13∺	1458-14	1378	14-14-15	13 ~	13 🚣	131g [†]	137g	
Two months	134.135g	1369-13		144-1378	137 ₈	14	-125,		12¦3.12g	18.3	
Three months.	1312-132	135g-133e	135g	14 ig-1334	13¦å	137g	ط1234.1216	12:124	12 12 12	135	
Six months	1312 1358	1359-135	13 ह	134-13	13 16	l — - ,	-		123 125	13	
Nine months	134-135	135g-133g		13%-13%	13	1 - 1	_				
One year	1319.15te	1358-133	13-8	134-134	13 	1 - 1	_	: _ !	_ 4	_	
Two years			1359			<u> </u>		: = 1	:	_	

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Mar. 26	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Ura	Belgian Franc Convertible Japan	ss Yen
Short term 7 days' notice Month Three months Six months One Year	1353-1378 13 16 -13 ₁₈	141 ₂ -143 ₄ 141 ₆ -14-3 147 ₈ 151 ₃ 151 ₆ -153 ₈ 151 ₄ -151 ₂ 15-151 ₄	16-17 16-17 16-17 16-18-16-14 16-19-16-78 16-19-17	612-7 512-612 778-8 813-812 873-813 834-878	1 11 ₂ 7.71 ₂ 51 ₄ -55 ₈ 52 ₄ -67 ₈ 61 ₃ -65 ₈ 61 ₂ -65 ₈	318-314 318-314 318-314 318-314 318-314	18-50 35-50 37-40 24-27 21-24 20-23	18-24 25-35 2614-2914 2432-2614 2338-2438 2318-2414	13-16 73 15-17 67 15-18 67 16-17-4 67	.75q .77a .7 .6:4 .5:4

ort-term 10-11 per cent; seven days' notice 122-13 per cent; one month 132-13% per cent; three months 142-14% per cent; six months 142-142 per cent: one year 142-143 per cent: three months 142-143 per cent: one month 132-132 per cent: one year 132-143 per cent: six months 142-143 per cent: one year 132-132 per cent: six months 132-143 per cent: one year 132-132 per cent: six months 132-143 per cent: one year 132-132 per cent: ECU inked deposits: one month 182-183 per cent: three months 132-153 per cent: six months 132-143 per cent: one year 132-143 per cent: Asian \$ (closing rates in Singapore): one month 142-15 per cent: three months 152-153 per cent: six months 153-153 per cent: one year 153-153 per cent: cont; three years 153-153 per cent: three years 153-153 per cent: one year 153-153

CURRENCIES AND GOLD

Pressure eases

reshuffle.

Gliding '

markets. The French franc recovered enough to be placed within its divergence limit in the European Monetary System scenes of devastation, sterling but only at a savage cost showed little overall change Domestic and Euro-franc rates rose to levels not seen since the year to defend the franc following the election of socialist
President Mitterrand. Against
the dollar the franc fell to a
it finished at DM 4.2850 from record low despite intervention DM 4.2950 and FFr 11.1850 from by several central banks to support the French unit.

Other currencies recently under pressure, the Italian lira and market interpretation of and Belgian franc, seemed to do U.S. money supply figures. There a little better although figures released on Wednesday showed possible rise in money supply in that the Belgian authorities had April without taking into spent the equivalent of account any possible shift in BFr 17bn the previous week stance by the Federal authorisupporting its currency and this ties, and this has tended to was the largest amount in one week this year. Also the Italian

Meanwhile the D-mark nosed ahead of the pack to claim top position within the EMS. The last time the D-mark held this position for any length of time

Mar. 26

GOLD

Pressure eased a little towards was last September which in early October by a currency

> from the previous week. trade weighted index finished at 90.9 compared with 91.1 on the Once again the dollar was influenced mainly by the behaviour of Euro-dollar rates still seems to be unease over a

restrict the scope for much downward movement in U.S. week this year. Also the limital lira has been propped up by rates. Three-month curousual action in the forward market have strayed very little from the 15 per cent level in the past two weeks.

Gold showed a firmer tend-

back later to close at \$323, a rise of \$61 on the week but down from a best level of \$3341.

Mar. 25

(£1814-181⁵4) (£1833-1844) (£181.667) (£181.710)

(£186²4-187¹4) (£96¹4-96²4) (£96.49¹2) (£20.20¹3) (£187¹4-187⁵4) (£55²4-54¹4) (£55²4-54¹4) (£144.49¹2) (£224.25¹2) (£176-177¹4) (£249¹6-25²2¹4)

THE DOLLAR SPOT AND FORWARD

March 26	spread	Clase	One month	% p.s.	Three months	% p.a.
	1.7810-1.7920	1.7900-1.7910	0.20-0,30c dis	-1.67	0.80-0.90di	s -1.90
	1.4440-1.4480	1.4455-1.4475	0.65-0.55c pm		1.65-1.50 p	
	7.2260-1.2280	1.2260-1.2265	0.16-0.19c die		0.38,0.41di	
	2.6430-2.6600	2.6500-2.6540	1.60-1.50c pm		4,50-4,40 p	
Belgium	45.20-45.30	45.21-45.23	7-14c dis		24-34 dis	-2.56
Denmark	8.1600-8.1800	8.1600-8.1700	0.10-0.40ore dis		0.70-1.20di:	
	2,3930-2,4010	2.3940-2.3950	1.23-1.18pf pm		3.67-3.62	
	70.60-71.30	70.90-71.10			105-295dis	
	105.85-106.15	105.85-105.95	20-30c dis		65-80 dis	-2.74
	1,314-1,320	1,314-1,315			30-33 dis	-9.55
	6.0800-6.1030	6.0800-6.0900	0.20-0.50ora dis		0.20-0.50dis	
	6.2375-6.2750	6.2500-6.2550			14-16 dis	
	5.8875-5.9050	5.8900-5.9000				-9.59
	246.80-248.00	246.95 <i>-</i> 247.05	1.25-1,10cre pm		3.90-3.75 p	
			1.75-1.60y pm		5.25-5,10 p	
	16.801-16.861	16.831-16.841-	10-81-gro pm		27 ¹ a-24 ¹ a pri	
	1.9075-1.9165	1.9120-1.9130	1.60-1.53c pm	9,82	4.47-4.40 p	m 9.27

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. THE POUND SPOT AND FORWARD

March 26	Day's spread	Close	One month	% p.a.	Three months	پ. p.s
V.S.	1.7810-1.7920	1.7900-1.7910	0.20-0.30c dis	-1.67	0.80-0.90dis	-1.9
Canada	2.1880-2.1980	2.1970-2.1980	0.50-0.60c dis		1.70-1,80dis	
Nathind.	4.72-4.76	4.74-4.75	21 ₂ -17 ₆ c pm		מום ב'5-בי6	4.9
Belgium	80.60-81.10	80,85-80.95	5-20c dis	-1.85	55-75 dis	-3.2
Denmark	14.56-14.64	14.63-14.64	2-3ore dis	-2.05	73-91, dis	-23
reland	1.2315-1.2390	1.2365-1.2380	0.61-0.74p dis		1.86-2.03dis	
W. Ger.	4.27-4,30	4.28-4.29	17 ₈ -13 ₈ pt pm		41-41 pm	4.0
Portugal	125.75-127.25	126.80-127.10	85-235c dis	-15.12	240-590dis	-13.0
Spain	188.80-189.70	189.35-189.55	55-85c dis	-4,43	190-225 dis	-4.3
taly	2,344-2,361	2,3544-2,3564	24-30 lire dis	-13.75	64 ² 2-72 ¹ 2dis	-11.6
HOLMBA	10.85-70.90	10.88-10.89	12-25 ore dis	-2.41	5-6-6 dis	-20
rance	17.16-11.22	11.18-11.19	201-241, dis	-24.14	31-36 dis	-11.5
Sweden	10.52-10.57	10.56-10.57	1-sore pm	0.78	2Կ-1Կ pm	0.7
lapan	439-444	441 ¹ 2-442 ¹ 2	2.60-2.30y pm	6.65	7.45-7.15 pm	6.6
Austria	29.95-30.20	30.10-30.15	14-11gra pm		35-29 pm	4.2
Switz.	3.40-3,43	3.41\3.42\.	24-24c pm	8.33	63-61 ₂ pm	7.4

FORWARD RATES AGAINST STERLING Spot 1.7905 4.2850 11.1850 3.4225 12 mont 1.8183 4.1204 11.8287 3.2120 1 month 1.7930 4.2688 11.4140 3.3988 439.6 6 month 1,8072 4,1976 11,9660 3,3968 428.0 1.7990 4.2413 11.52 3.3588

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	currency amounts against ECU March 26	,% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.6963	45.1956	+1.12	· +1.12	±1.5440
Danish Krone	8.18382	8.16964	-0.17	-0.17	±1.6428
Garman D-Mark	2,41815	2.39498	-0.96	-0.96	±1.1097
French Frenc	6.19584	6.26078	+1.05	+1.05	+1.3743
Dutch Guilder	2.67296	2.65142	-0.81	-0.81	±1.5069
Irish Punt	0.686799	0.691152	+0.63	+0.63	±1.5689
Italian Lira	1305.13	1315.47	+0.79	+0.79	+4.1242
week c	жленсу. Ас	CU, therefore ljustment calc rate for Marc	ulated by F	inancial Times	

CURRENCY RATES

Bank Special rate Drawing % Rights

CURRENCY MOVEMENTS

England Guaranty Index Changes?

Mar, 26

OTHER CURRENCIES

EXCHANGE CROSS RATES

Pound Sterling U.S. Dollar

French Franc 10 Swiss Franc

Dutch Guilder Italian Lira 1,000

Censdian Bollar Bolgian Franc 100

Mar. 26				£
Wilder I = -	. .	•	l	Note Rates
Argentina Peso. Australia Dollar. Brazil Gruzeiro. Frisland Markka. Grack Drachma. Hong Kong Dollar Iran Rial. Kuwait Dinar (KD) Luxembourg Fr. Malaysia Dollar. New Zealand Dir. Saudi Arab. Riyail Singapore Dollar. Sth. African Rand U.A.E. Dirinam.	1.6960-1.6980: 259.84.860.84 8.235-8.251 103.503-112.686 10.3512-10.4012 0.506-0.512 80.85-80.95 4.1720-4.1820 6.06-6.12 3.7978-3.8076 1,8685-1,8700	0,4490-0,9495 145,28-146,01 4,6135-4,6156 68,00-68,30 5,8200-8,855 91,70- 0,2859-0,2861 45,21,45,23 2,3360-2,3380 1,2965-1,2975 3,1370-2,1290	Belgium Denmark France France Germany Litaly Japan Norway Portugal Spain Sweden Switzerland Whites States	29,95-30,25 90,70-91,70 14,56-14.70 11,15-11,25 4,264,4,304 2310-2360 442-447 4.72-14-4,75 l ₄ 10,84-1,29-1 183-1,83-1 10,51-10,61 5,39-1-3,83-1 1,77-1,78-1 92-1,05

(£186-1864) (£953-964) (£953-964) (£184-494) (£1864-187) (£1864-187) (£553-544) (£553-544)

(£434.491g) \$79.89 (£2234.2241g) \$403.4051g (£175.1761g) \$3161g-318 (£2491g-2531g) \$449.454

† How eas sets. * Solling rate.

1,950 5,297

1	639-112,686 63 91 ₂ -10,401 ₂ 5.82 47,40°	90.0.9495 Be 28-146.01 De 35-4.6155 Fr 00-62.90 Ge 00-6.8250 It 81.70 Ja	elgium enmark ermony	29,95-30,25 90,70-91,70 14,58-14,70 11,15-11,25 4,261,4,3054 2316-2360 442,447 4,72-4,4,7614	Starling U.S. dellar. Canadian d Austrian sa Beigian fra Danish kro Danish kro Danish kro	foliar	0.9 -32.8 5.7 +7.9 8.5 -18.1 7.1 +25.1 5.0 -13.9 3.5 ÷48.7	Sterling U.S. S. Canadian & Austria Sch Belgian F. Danish Kr.	12 15.11 16.2 18	18,7790 50,4431 9,10985	0.559264 0.999405 1.22627 18.8400 45.1956 8,16964
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Eastern & Interpati (6% Withdrawal) Extra lucare	- 25 - 25	錯誤	腦	10-14, West Nile Street, Glas J. Fisiay Internat", 54.3 Accum. Units	. Will 12	American.	* 1000cr 1107 CC3	121 414	38
(Accumulation) Figures & Property		05 -05 -05 -05 -05 -05 -05 -05 -05 -05 -	骥	Finlay Wid. Energy 12.8	福思 强	American A	ecovery 79.3		掻
Foreiga	159		彌	J. Finlay Fd. In. Tst. 41.6 Accum. Units	44.5 588 577	Australasia (Accum Ur	612	423 -134	翻
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Graviti	41.6 41.6 50.7 57.1 57.1	獨二	# 1 3 3 1 1 1 4 4 9 9 9 1 1 2 1 1 1 1 3 3 1	Framilington Unit Mgt. 64, London Wall, ECZM SNQ.		Composed Conversion	Growth		16
(Accordation)	- [2]	製温	왩	Amer, & Gen	34:13 837	Conversion Dividend (Access Uni	100me 30.4 12.0 137.5		揺
(81-1%, Withdrawal) High Yield (Accumulation)	74.4 74.4 74.4 74.4 74.4 74.4 74.4 74.4	101 P. 10	猠	/Arriso (Inics) 1794	84 8 +1.0 2.28 84 8 +1.0 2.28	European (Accum. Us		₹ 3 -0.3	1/2
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O1-623 4951 Gilt Trust Bridge Fund Managers (a)(e) Regis Har., King William St., EC4.

Britanpia Gp. of Unit Trusts Ltd. (a)(c)(g) Salisbury House, 31, Finsbury Circus, London EC2 01-638 0478/0479 or 01-588 2777 01-60 4507 18-34 18rdian Royal Ex. Unit Migrs, Ltd. (Exchange, EC3P 3DN 01-628 (Grardhill Tst......[135.2 140.1ml] -0.4] 140.14 -0.4 4.32 sen Administration (a) (b) (c)

Heragan Services Ltd.

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Cassada Life Unit Trust Mingrs. Ltd.
2-6 High St., Potters Bar, Herts.
2-6 High St., Potters Bar, Herts.
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Capel (James) Mingt. Ltd.

100, Old Broad St., EC2N 180. 01-588 6010
Capital 118.8 125 6ad 1 2.87
Income 90.9 96.84 8.25
North American 103.2 107-8ad 19706s on March 17. Next desiring April 4.81 01-588 6010 Carr, Sebag Unit Trust Managers(a) 57/63, Princess SL, Maechester 061-236 5665 Carr, Sebag Cao, Fd. 42.4 65,24 --- 2.01 Carr, Sebag Inc. 54...131.0 33.64 --0.1 8.27 Carr Sebag Far East's. 22.5 23.7 --0.1 1.91

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15, Moorgans, London, EC2. 01-638-4121
Income Feb 26. 117-66 1..... 12-58
Do. Account. Feb 28. 290.15

Checkerton Fund Managers(g)
57.45, Princes St., Manchester. 061-236 5585
Growth 14 0 15 11 -0.11 4.00
1ety-maticional 523 56.56 +112 1.26
High Income 23.4 31.7 1 11.04

inster Fund Managers Ltd. 01-222-8177 107-21 3.53 1201 -0.2 421 +0.3 57.4 -0.4 14.6 +0.1 15.7 -0.4 15.7 -0.4 17.7 -0.4 17.7 -0.4 17.7 -0.4 17.7 -0.4 17.7 -0.4 17.7 -0.4

Nerwich Union Insurance Group (b) P.O. Sox 4, Nerwich, NR1 3NG. 0603 22200 Group 7st. Fund.......[517.8 538 7st] ... | 5.50 Perpetual Unit Trust Margant. (a)
48, Hart St., Henley on Thimes 06912 6968
Growth 778 50 +211 408
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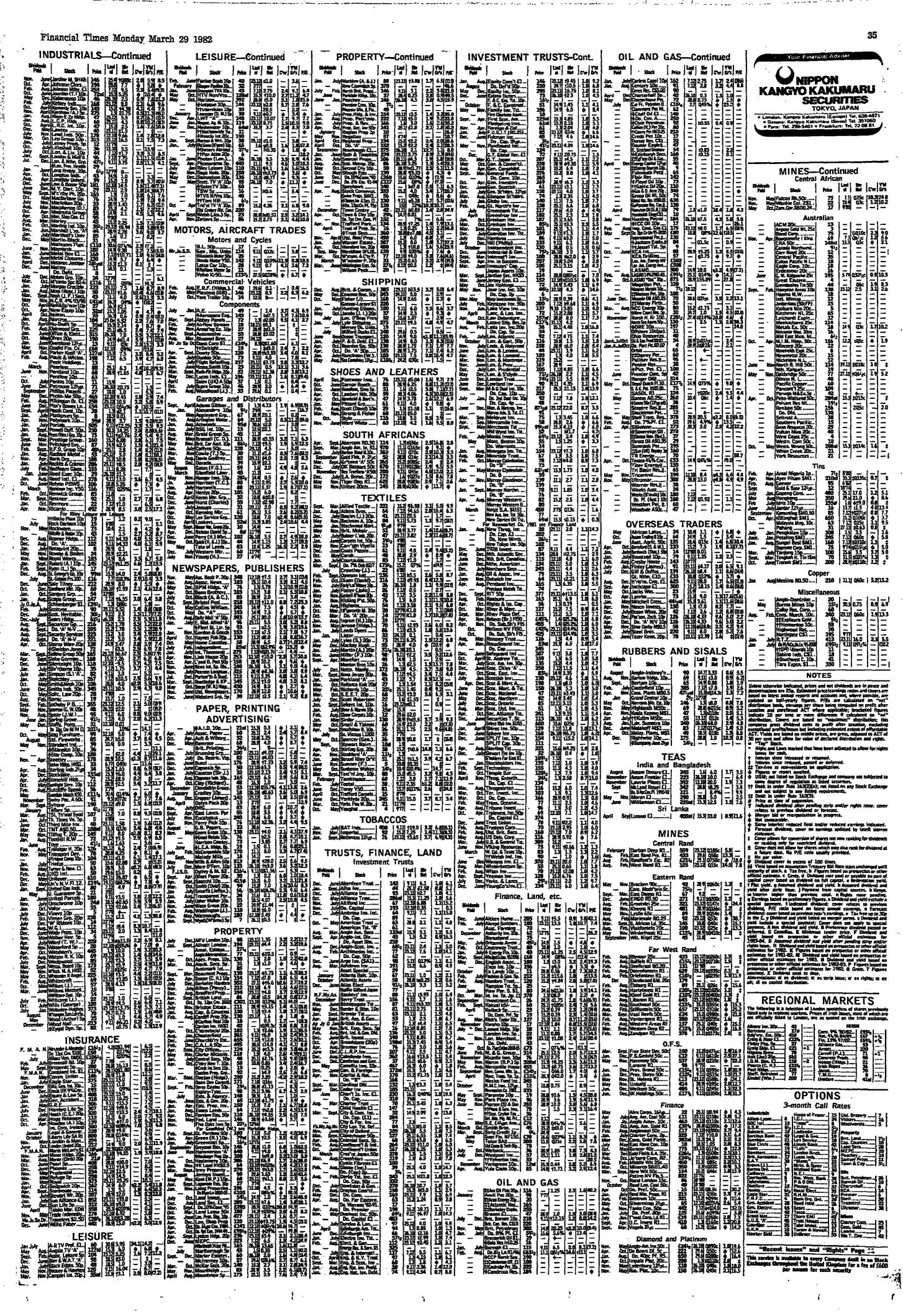
CORPORATE DESCRIPTION OF THE INDUSTRIAL

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Print unions

will fight

clamp on

closed shop

By John Lloyd, Labour Editor PRINT UNIONS have made clear that they will not obey any of the closed-shop provisions in the proposed em-ployment legislation, and

expect to be first in line of

fire from the Government if

the Employment Bill becomes

In 2 TUC briefing con-erence of senior union

officials last week print union

officers caused some dissen-sion by telling the conference

that they believed the TUC

proposal to fight the legisla-tion di duot go far enough. They said they would go

much further, and expected other unions to support them as the movement's shock

The TUC Printing Indus-

tries Committee, covering all print unions has drafted

a document on the legislation

which lays down total non-co-operation with the closed

shop or with the allied union

labour-only contract clause. Publication of this document has been at least delayed, or

even quashed, by the TUC in the interests of harmonising

the response of unions to the

Mr Bill Keys, general secre-tary of the Society of Graphi-cal and Allied Trades and

chairman of the Printing

Industries Committee, is also

chairman of the TUC Employ-

In these two roles Mr Keys

has conflicting interests, in representing both the more

militantly anti-closed shop

printing unions, and the general interests of the TUC.

The delaying of the docu-ment's publication tem-

porarily resolves that conflict.

Any attempt by employers to run ballots on closed shops

(almost universal, and strong

in printing) will face indus-

trial action, down to refusal to print ballot forms.

• Attempts by employers to abide by the clause in the

Bill making it unlawful to

distriminate against non-union companies in awarding

contracts will provoke indus-

nominees

The print unions say that:

ment Policy Committee.

law later this year.



BLOW TO UK SUPPLIERS AS £280m SWITCH TO COAL IS DROPPED

Brazil cancels power project

BRAZIL has imofficially told the sidiary, as a major sub-contrac- cluded £10m in British Govern- for the political implications £280m coal project in which

station in Rio de Janeiro — to follow up the agreements
Brazīl's largest — from oil- to reached in principle between coal-fire will no longer go the two countries last October.

To relieve the considerable embarrassment all round—and technology is also likely to be abandoned.

Kloeckner UK, the London subsidiary of the West German company, would have been the contractor responsible for the development of the Prospera

NEI International Combustion, the Newcastle-based export subsidiary, was to be responsible for the conversion of the power station from oil to coal, and the supply of associated equip-ment with Woodall-Duckham, the Babcock International sub-

Bank lending

to industry

rise rapidly

biggest increase for 11 years.

by companies borrowing to pay

about £2bn in delayed taxes, col-

But the underlying growth of

business demand for credit is

causing the authorities some

concern, as it is occurring when

bank borrowing by the personal

After adjusting for seasonal

and service sectors is also grow-

three-month period covered by the Bank of England's quarterly

The growth compares with

£3.9bn in the preceding three

months, the largest increase in

absolute terms since the Bank

of England started compiling

the current series of statistics

in 1975. Assessment of the

atest figures is complicated

because there have been changes in the number of

lenders following the introduc-

tion of the new monetary sector

last November. This has led to a break in the series.

strong growth in underlying

demand is reflected in a big

jump in acceptances which rose by an estimated £2bn, or 38 per

cent. The Bank's heavy inter-

vention in the money markets has led to a decline in bill

yields relative to other forms

of lending and this has en-couraged borrowers to switch

to cheaper forms of bill finance.

For the first time for some months the growth in bank lend-

ing has been very widespread

and not confined largely to the

personal and service sectors.

Apart from metal manufactur-

ing, all categories of manufac-

there were signs that the rate of

destocking fell sharply in the

second half of last year and this

the winter weather—may have

added to companies' need to

In spite of these factors the

Bank's bulletin remarked that

the underlying rate of growth

As in previous quarters, the

rise in lending to individuals was concentrated largely on

lending for house purchase.

However, there are signs that

the growth of other types of

personal lending is slackening.

Continued from Page 1

El Salvador

who are not allowed to vote, the

number of potential voters

should be between 2m and 21m.

No responsible observer pre-

dicts, however, a turnout of

TSB profits fall, Page 5

remains disquieting."

together with delays caused by

Also, the Bank of England's

turing showed increases.

Part of the rise in loan

loan demand.

None the less, the change in the series cannot hide the

lected during the period.

ing rapidly.

starts to

British Government that a tor to NEL £280m coal project in which The decision to drop the

Prospera coal mines in the make up for what one of the southern state of Santa British participants described Caterina with the aid of British yesterday as a "major loss" yesterday as a "major loss"—frantic efforts are being made to find a substitute project of roughly equivalent value. The British side believes a firm pro-Brasilia in the near future.

Differences between the Planning Ministry and the Ministry of Mines and Energy, over how to proceed have so far held up the formal notification involving the supply of four of the cancellation decision to new boilers and the conversion the British consortium and their financiers. Lloyds

ment aid from the fund

Falling world oil prices and electricity demand in Brazil are responsible for the dropping of Santa Cruz. Last year, elec-tricity consumption fell 11 per cent in the regions supplied by Furnas, the local power authority, which also this month has brought on stream Brazil's first nuclear power station. Angra I, after many years delay. Angra I has a capa-

city of 626 Mw. The expensive conversion of the Santa Cruz power station, of two existing units, was look-Bank ing increasing uneconomic. It officials now speak in terms of

administered by the Department announced an overall slowdown The conversion of the 600 visit to Brazil by Mr John makers win export orders.

The conversion of the 600 visit to Brazil by Mr John makers win export orders.

The conversion of the 600 visit to Brazil by Mr John makers win export orders.

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In the long term, the blow the lower long-term estimates of abandonment of this project might give to Brazil's once highly ambitions coal mine Britain has showed considerable interest over the past two years, might be serious.

Coal gasification plans promoted by Britain have effec-tively been abandoned. The prospect of a gas pipeline from the southern coalfields to the industrial region of San Paulo also looks remote.

The official goal of producing 27m tonnes of coal a year by 1985 has been progressively reduced. Most Government nternational. would probably have been can-financing for Santa Cruz in-celled earlier if it had not been 13m tonnes, by that date.

Sharp fall in gold price could cut UK official reserves by \$2-3bn

UK BANK lending to manufacgold and foreign currencies, off devaluation, due to be published this week. The bullion turing industry is starting to rise rapidly. In the three months to mid-February, it rose by an estiare expected to show a fall of mated £1.1bn, or 7 per cent, its servatives came to power nearly The increase is partly caused three years ago.

Other countries in the EEC with much higher gold reserves than Britain have been hit even harder by the slide in the bul-Hon price, which has fallen 20 per cent over the past three months and 40 per cent over the last year.

The reserves of France and Italy — which like Britain use market-related price for factors, bank lending to the private sector rose by an esti-mated £4.7bn in the latest valuing their gold holdings — have weakened considerably. Belgium has also been hit analysis of bank advances, pub- in the EEC.

> indirect reason for the weak- twice as much.
> ness of French, Italian and The gold va ness of French, Italian and Belgian currencies within the Britain—a 25 per cent discount towards the end of last week European Monetary System.

THE SLUMP in the gold price resist downward pressure on has led to a sharp fall in the their currencies. Gold's price value of Britain's official slide has thus reduced the reserves. The latest figures for "ammunition" available to "ammunition" available to the Government's holdings of weaker EMS countries to fend

The bullion The bullion price will be reflected in about \$2 to \$3bn, the biggest Treasury's annual end-March monthly decline since the Con-revaluation of gold and currency holdings.

The figures will be published with the normal monthly reserve statement on Friday. It will also show an additional significant decline brought about by the rise in the dollar against Britain's sizeable holdings of non-dollar currency reserves over the past 12

Britain owns about 740 tonnes of gold, of which 20 per cent is valued separately under EMS arrangements. In contrast, its ratio of gold to foreign total monetary gold holdings of exchange holdings is the highest in the EEC.

The March reserve figures will also reflect the impact of small-times Britain's; France has four scale Bank of England interven-The falling gold price is an times, Italy three and Belgium tion to brake the slide of the

European monetary system.

EMS credit rules effectively likely to put a price of \$240 to allow member countries to mobilise part of their gold holdings at market prices to with the price of about \$385 when the pound remoterous SLSU. But the amounts were limited, in line with the Government's policy of restricting intervention to "rate-smoothing" operations.

used over the past 12 months. The exact figure will depend on the actual gold price on March 31, but a decline of this scale would lead to a reduction of more than \$2.5bm in the value of the gold reserves.

Britain's total reserve holdings at end-February stood at \$23.2bn. The March drop is the sharpest since the general election, and takes the reserves to the lowest level since Mrs became Prime Minister-although they will still be five times the size during the 1976 sterling crists.

The decline in the gold valuation is ironic, since Britain apparently alone among EEC countries has been making small purchases of gold in the past 12 months to take advantage of cheap buying opport-

 Breaches of the legislation should not be defended in insince the TUC has already committed itself to withdraw pound against the dollar this tribunals in cases arising from market values looks when the pound fell below \$1.80. from the forthcoming Act. • The TUC should not use any part of the film "war chest" it is collecting from

unions to pay fines.

The print unions will have strong allies on the Left of conference on Saturday by the liaison Committee for the Defence of Trade Unions, which includes Left-wing

officials, conveners and shop stewards, called for a mass lobby of the April 5 conference of union executives called by the TUC to coordinate response to the legislation, to force the TUC to toughen its stand.

Tebbit's trial of strength, Page 7 Weather

GENERALLY warm after initial cloud and fog patches. Sunny periods with scattered showers

developing later,
ingland, Wales, N. Ireland
Warm. Cloud and fog patches
giving way to sunny periods and scattered showers. Max.

Sunny intervals, scattered showers. Max. 8C (46F). Outlook: Mostly dry and sunny

11 52 Nairobi — — 19 66 Naples F 13 55 19 66 Nassau C 3 46 F 14 57

Debentures thumb a tax-free ride

THE LEX COLUMN

Even among those no longer interested in the course of the money supply, the level of bank lending in the past few months will have raised a few cycbrows. That the total should be high is no surprise: the clearing banks continue their push into the housing market, and lively demand for credit is a natural corollary of the tax-gathering season, especially this year when receipts are swollen by the process of catching-up from the Civil Service strike.

All the same, sterling lending to the UK private sector running at up to £2bn a month, seasonally adjusted, is unusual and disturbing at a stage of the business cycte when work-ing capital demands should be relatively modest.

Arbitrage

Nor is the picture getting any better. Stockbrokers L. Messel for example, are forecasting sterling bank lending of £2½m or more in the March banking month, which is not an implausible figure given that the Bank of Francasco the Bank of England's bill holdings rose by about £2bn in

Some of the excess lending may be attributable to arbitrage in the money markets, the familiar round-tripping which has been distorting the British monetary aggregates upwards for years but which never seems to be unwound.

to encourage a flow of commercial bills large enough to lubricate its enormous openmarket operations, the Bank of England is obliged to make bill finance attractive. But once the be backed by some underlying trade transaction) to issue bills and reinvest the proceeds in an interbank deposit of the same maturity, or a high-yielding cerinficate of tax deposit.

A more complex form of arbirage involves the foreign exchanges. A British company dollars can draw a sterling bill, convert the proceeds into dollars and hedge his position on the forward exchange market. The three-month sterling/ dollar rate is theoretically set at a level that makes this arbitrage unprofitable. But if the threemonth swap is calculated with reference to the difference between eurodollar and euro-

NEWS REVIEW

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Telecontrol systems, built by

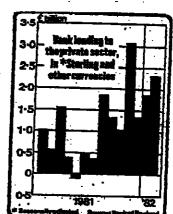
stations operated by the East

Eight multi-micro teleccotrol hubs link outstations to CEGB and EMSB control centres — a highly ers, effec-

Ferranti

Electricity

Board



sterling, then the transaction provides cheap dollar finance. These games should stop as

soon as the cost of bill finance comes back into line with other forms of borrowing, which ought to happen as the tax season runs off next month and the Bank stops being a net buyer of bills. It really cannot happen soon enough, since—as Greenwells first pointed out the Bank is running out of room. to buy bills. The Issue Department's holdings of private sector paper now fill roughly threequarters of its balance sheet: like the commercial banks, the Bank has run out of government debt to replace with private sector paper. The cushion of liquidity has no stuffing left.

No doubt some way could be sems to be unwound. found to circumvent the The problem is that in order problem. The National Debt cencourage a flow of commer Commissioners, the authorities' chosen vehicle of regulatory expediency, could become a billbuyer of last resort, or some sort of direct controls could be put on bank lending. But an article cost of bill finance is set below in the latest Bank Quarterly the level of the interbank mar. Bulletin, a belated obituary for ket, it is possible (subject the corset scheme, expresses always to the need for bills to scepticism about the use of any such controls. In any case, cosmetic "solutions" are not Everyone's favourite way out

of the present situation is to get the debenture markets going again. If companies issued bonds to repay bank borrowwishing to borrow three-month longer need to perform their upside-down meturity transformation of borrowing 30-year money in the long-dated indexlinked market to re-invest in one-week company bills.

Messel's now lends its supsterling rates, and eligible bills coupon deep-discount bonds. account of yield a good deal less than euro. For this to be worthwhile, a indexation.

offset its steadily-rising redemp-tion liability against tax, as though it were an interest cost. But there are several difficulties. First of all, even with some help from the taxman, a debenture market will not necessarily arise spontaneously at a certain level of interest rates. Messel's points out that in Germany, for example, where inflation is low and interest rates stable, the corporate bond market has been comatose for years. The banks simply do a better job of financial inter-

shareholders, looking at mis-matched loan books and dividend cuts, might not agree). Secondly, although the Inland Revenue ran away from the inflation accounting problem in its corporation tax discussion paper, its general desire to retain fiscal symmetry is underindex-linked debt for companies are asking for its capital appreciation — the inflation compensation element, at least — to be treated as capital gain in the heads of the investor and interest in the books of the borrower. That sounds a bit much; taxation is about equity.

mediation than the capital merkets (even if some banks'

Tax losses

not charity.

There is also the more general question of whether it is sensible to throw yet more tax reliefs at the corporate sector with the highest tax losses per caput in the world. Neutrality of fiscal treatment could be achieved by removing some tax relief from conventional borrowings just as well as by giving tax breaks to index-linked or zero-coupon debt. After all, in inflation accounting terms, a substantial chunk of the interest paid on bank borrowings amounts to accelerated repayment of capital — which should arguably not be allowable for

Perhaps it all comes down to opportunity cost. The yield on mainstream corporation tax is so low, and the benefits claimed for a reopened corporate bond market (at least by firms of stockbrokers with big fixedinterest departments) are so great that it may well be worth making some changes. But tinkering about to promote some new instrument or other port to the argument that tax is quite likely to throw up breaks are necessary to encourage companies to issue, if not what is really needed is further than the state of the overhaul of an increasingly linked debentures or low-patched-up tax system to take coupon deep-discount bonds account of the extension of

The Ferranti CS7 is an

advanced computer-aided composing system, designed to cover the full range of

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è.,.

Oil wealth 'will not hit industry'

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

traction in the relative size of the manufacturing sector.

In a working pages and it is a manufacturing sector.

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In a working pages and it is a manufacturing sector.

In a working pages and it is a manufacturing sector. this week-end a team of officials facturing sector in the last few says some estimates of the years."

effects of oil revenues on rais-

ing the exchange rate have probably been excessive. They suggest that only about traif the sharp rise of sterling in 1979 and 1980 can be attributed to the effects of oil revenue. This is much more cautious than those who believe that most of the 27 per cent appreciation of sterling in 1979 and 1980 reflected increasing

quarterly bulletin last week, said After the rise of sterling in that period manufacturing output fell 14 per cent between the end of 1979 and the end of last year. This has reinforced the idea that North Sea oil indirectly put a squeeze on manufacturing.

The Treasury paper says: There is a widespread belief that the possession of North Sea oil, although accounting for only 4 to 5 per cent of gross national product output, requires major adjustments in the structure of the economy.

MR ROBIN TAVERNER, former

textile machinery and engineer-

ing group which went into Receivership earlier this month;

is attempting to buy the group's electrical division.

BY JOHN MOORE, CITY CORRESPONDENT

the manufacturing sector.

In a working paper published the rapid decline of the manu-

However, the Treasury team says, these ideas are based on the assumption that oil prices will stay the same in real terms. But this bears little relation to what has happened or what may happen, relative to past trends, in the structure of output.

The paper argues that an increase in North Sea oil production at constant prices would require a shift of national resources from manufacturing to North Sea investments. But an increase in oil prices would require a country without its own oil to increase manufacturing resources to help pay the higher energy prices.
In the UK the two effects

partly cancel each other out, the Treasury team believes. It estimates that there would be some spill-over effect which would tend to raise the exchange rate and restrain the manufacturing sector.

Treasury model of the economy, 1RB.

managing director and chief headquarters at Crawley in of the division,

Stone-Platt division may be sold

Surrey, produces air-condition-

The electrical division, with expressed interest in all or part

ing systems for railways. team received a prospectus Joint Receivers, Mr Bill from the receivers on Friday,

Mackey and Mr Bill Roberts, relating to the operations, but it

THE TREASURY has published "In particular, it is argued that in 1979-80, the rise in a firm denial of the "widespread" that there needs to be a large world oil prices accounted for belief" that Britain's new oil contraction in the relative size 10 to 15 per centage points of other oil-producing countries and the benefits to the balance of trade

On balance, it says North Sea oil may have helped "crowding-out" of manufacturing production, but the effect would be much less than suggested by earlier analysis. The Treasury's working paper

is broadly in line with the conclusions of a special article in the Bank of England's Quarterly Bulletin last week.

The Bank is more emphatic in its view that appreciation of sterling is due largely to other factors than the effect of North Sea oil production.

It says a contraction of the industrial sector is not neces-sary, and that since North Sea ou is a waning asset, increased investment in manufacturing might be prudent

North Sea Oil and Structural Amsdm. Adjustment (Treasury Working Paper No. 22) Committee on Economic Reserch and Training, Civil Service College, 11 It calculates, using the Belgrave Road, London SWIV

The management buy-out team received a prospectus

11C to 14C (52F to 57F). Scotland

with some showers. WORLDWIDE

tive system everyng the necessity for deplinate out-Photo-diode Ferranti Elizarronica has introduced a new high performance infraced photo-diode.
The BPW41D provides very high tracelength rejection Briefly . . .

Plain U.S. and Considian

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has installed a computer composing system for Lloyd's Register of Shipping at its Register or Samping at 10s printing house in Crawley, West Sussex. To be used mainly for composing books published and printed by Lloyd's Register, the system will also provide typesetting will also provide typesetting for magazines, prochures and around 1,000 forms. Based on the Ferranti Argus Ferranti Data Systems Group, Edinburgh, will monitor and

700G Computer, the CS7-15 composing system has six visual display terminals, a 19-inch page make-up display, two 64-megabyte disc units, a tane reader and a control printer. The system clear includes an on-line drive to a Compugraphia Sees photo-

lations associated with com-position leaving the compositypographical skills. The CS7 is also a nowerful management information system. After input, material may be edited, rearindated and combined freely and easily to create alternative versions for different chitions from the same harte text.

O UNDERSEA

Ultrasonics Aid search A diver-operated hand-beld play unit on the souther. The

ultrasonic torch developed in a programme spansared by the Department of Energy's of an incidence obligation can be checked todainly. be inannisctured under licence by Ferranti Contenter offshore operators and untractors, the Harwell Ulliasome Torch will agreed read sarch of underwater struc-

When positioned in the constraint of an inderwater weld, the terch ands back signals via cable

The turch has non fully coven in full-scale field Systems, Designed for the hy trials on offshore plaiforms and has been designed to 200 metres. It will be launched at the Offshore Technology Exhibition and Conference at Houston, Texas in May this year. Marketing will be carried out by Ferranti Offshore Systems in a data processing and dis- Limited of Abordeon

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welcis in the understore fore

The good news is EERRANTI Selling technology

partners of Ernst and Whinney, awaits further details relating the accountants, were apthe accountants, were approached by Mr Taverner as will be another fortnight at the soon as the Receivership was earliest before the team will be more than 900,000 people, and Mr Taverner is attempting ov Perranti Seoriish Group, Competers, would anagustic many say that the number voting will not exceed 500,000. an ambitious management buycommunents, photo-dictles, photo consistors and high announced. able to report its plans to the backers.

Mr Taverner resigned from Stone-Platt last October. He had been appointed chief executive early in 1980. Mr Leslie Pincott became non-executive chairman latanbul S 11 52 Tonis F 18 Journal of the plant of the p able to report its plans to the out, working with two other The lower figure would make it Mr Taverners team has been former Stone-Platt executives. difficult for anyone to claim seeking information from the Receivers, and has been advised by Candover, the management buy-out specialist founded by newer interestors manufactured by Formati Profesone existing executive, and an much effectiveness for the elecoutsider. tion, though Dr Bustamante sional Components Department and Ferranti Potential backers for the buysaid that the poll will be valid, if more valid votes are cast than invalid ones. out have already been sounded Electronics will be displayed Mr Roger Brook, ex-EMI chief became non-executive chairman out, and some have given executive. in November 1980, but soon took at the All-Electronics Show The electrical division made over the direction of the comapproval in principle. Labour leader Mr Michael £4.3m profit before tax in 1980 pany's affairs. Mr Taverner left Foot attacked Prime Minister Mr Taverner said yesterday: on turnover of £47.4m. It is later in what was described as understood that GEC. Hawker a "wholly amicable" We would not be this far Margaret Thatcher for send British observers to the down the road if we had not Siddeley and Laird Group have arrangement. El Salvador election. received encouragement."

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